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OF

CABINET CONCLUSIONS

(CC (70) 1st-24th Meetings)


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CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Tuesday, 13th January, 1970,
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. 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. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government (Items 5-8)
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
The Right Hon. GORNWY ROBERTS, M.P., Minister of State, Board of Trade (Item 5)

The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
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. LORD SHACKLETON, Lord Privy Seal
The Right Hon. HAROLD LEVER, M.P., Paymaster General

Mrs. SHIRLEY WILLIAMS, M.P., Minister of State, Home Office (Items 2-8)
The Right Hon. SIR ELWYN JONES, Q.C., M.P., Attorney-General (Items 1-4)
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1. The Foreign and Commonwealth Secretary said that resistance in the rebel enclave was now at an end and that the immediate task was the organisation of relief supplies. It was clear that all who wished to help in this respect would have to work in co-operation with the Federal Military Government (FMG) and the Nigerian Red Cross. In view of past difficulties, both might react with suspicion or impatience to some offers. He hoped that this would not apply in our own case, although there had already been delay in securing clearance for the Hercules aircraft of RAF Support Command which was standing by to transport medical supplies to Nigeria. This might be due to the FMG's preference that relief operations should be conducted on a civilian, rather than on a military, basis. In order to deal with developments of this kind and to co-ordinate interdepartmental action in relation to the relief operation, a working group of officials from the Departments directly concerned had been established, and for the present would meet daily.

The Joint Parliamentary Under-Secretary of State, Foreign and Commonwealth Office, Mr. Maurice Foley, had gone to Lagos and would seek to clarify the situation in discussion with the Head of the FMG, General Gowon. In the light of his report a clearer picture would not doubt emerge of the nature of the relief supplies which were most urgently required and the manner in which we could most effectively contribute to the operation. The population of the former enclave was about 4 million, of whom about one-third were in areas which had now been taken over by Federal troops. Access to these areas would be comparatively easy; and now that Major-General Effiong, who had been left in command of the remnants of the "Biafran" forces, had instructed them to lay down their arms, Federal troops would presumably be able to take over the whole enclave.

It was the more unfortunate that we had been involved in a serious breach of security as a result of the publication, in the Sunday Telegraph of 11th January, of a report by the Defence Adviser to the United Kingdom High Commission in Lagos, Colonel R. E. Scott. The incident was being investigated, but, although it was bound to have an adverse effect on Anglo-Nigerian relations to some extent, its impact had probably been less damaging than if it had occurred at an earlier stage.

The Prime Minister said that, in the light of the developments over the week-end, he had been in touch by telephone with the President of the United States, Mr. Nixon, and had also discussed the situation with the Ministers concerned. As a result, we had
taken all the immediate action open to us at the moment; and we must now seek to ascertain, in consultation with the authorities of the FMG, how further aid would best be co-ordinated and directed towards the real requirements, which were not yet fully known. Lord Hunt, who would shortly be arriving in Lagos, should be particularly helpful in this respect. The problem of relief would be greatly simplified if land routes could now be used; and if, as seemed likely, transport still constituted a problem, we could supply further vehicles. A major civil engineering firm, engaged on a project in Nigeria, had offered to place their resources at the disposal of the FMG. This would be invaluable especially if the FMG were to insist on relief activities by other countries being carried out on an exclusively civilian basis. General Gowon himself appeared to wish to treat his defeated adversaries with magnanimity; and it was to be hoped that he would be able to make his intentions effective. But there was some danger that the Nigerians, having achieved their military objectives and eliminated “Biafra”, might turn in on themselves: and this tendency might be encouraged by the Soviet Union. Attempts would undoubtedly be made to attribute to us a share of the blame for the further starvation and hardship which would then result: and it was all the more important, therefore, that our offer of aid should be prompt, generous and effective. The United States Government had already indicated their readiness to contribute a large sum to the relief operation; and we should make a corresponding gesture, even though it might not be possible for practical reasons to expend the whole of any sum which we offered, at any rate immediately. It would be advisable for a statement of the Government’s proposals to be made in the House of Commons at an early date by himself or by the Foreign and Commonwealth Secretary, probably on 19th January.

In the course of a brief discussion it was suggested that the events of the past few days had completely vindicated the policy which the Government had pursued since the outbreak of the rebellion. It would be undesirable, however, to be concerned to claim credit for this at a time when it would be important to seek to heal the wounds of the war and to look to the future rather than to the past.

The Cabinet—

(1) Took note of the statements by the Prime Minister and the Foreign and Commonwealth Secretary and of the points made in discussion.

(2) Took note that the Prime Minister would arrange for a statement on the Nigerian situation to be made at an early date in the House of Commons.
The Foreign and Commonwealth Secretary said that at the meeting of the Western European Union (WEU) on 9th and 10th January he had obtained from the six members of the WEU who constituted the European Economic Community (EEC) an assurance that they would keep us informed of their discussions about the future form of political co-operation in Europe, and that there would be no question of final decisions being taken in our absence.

The Chancellor of the Duchy of Lancaster said that the European Commission had attended the economic discussions at the meeting. There had been a good deal of declared support for the view that we should not have to bear more than our fair share of the cost of support of the Common Agricultural Policy of the EEC.

The Cabinet—

(3) Took note of the statements by the Foreign and Commonwealth Secretary and the Chancellor of the Duchy of Lancaster.
approve any price increase for gas resulting from a wage settlement above the authorised 10 per cent level. On the evening of 12th January, Sir Henry Jones had sent him a further letter recording agreement with the trade unions on a 14 per cent pay increase, which would entail an increase in costs of £20 million a year. Productivity savings in the gas industry were currently worth £6·2 million a year; and the pay settlement would be accompanied by an extension of productivity schemes (with a review by both sides of progress in a year's time). By 1971–72 there would be further savings on this account of £6·9 million a year. Nevertheless, the industry would need to recover £15·7 million a year through price increases, implying a 4·5 per cent rise in the gas bills of domestic consumers.

The Prime Minister said that the Cabinet would recognise that the physical risk of explosions if industrial action led to serious reduction in gas pressures meant that in such circumstances there was no alternative to shutting down supplies completely over a wide area, with very serious economic effects. Even so, the Gas Council had reacted to this threat by a disturbing disregard for the Government’s prices and incomes policy. This would strengthen the impression that in the public sector there were two versions of the policy—one more rigorously applied to Government employees, where a direct financial sanction could be invoked; the other a more independent line adopted by the nationalised industries, who judged that they could afford to allow unjustified wage increases on the basis of a tacit assumption that they could recoup the cost at the expense of the consumer by means of price increases. The Government’s counter to an inconsiderate action of this kind in the public sector could be to refuse agreement to such price increases; and in the present case pressure might be brought to bear on the Gas Council through control of their prices to adopt in future a more realistic approach to wage increases and to seek ways of reducing, or compensating for, the costs of the settlement.

In discussion it was argued that, if the Gas Council and the Government had presented a united front in the pay negotiations on the 10 per cent offer, the threats of industrial action might well not have been realised. But to seek to subject the pay increase which had now been agreed to a standstill direction, pending an enquiry by the National Board for Prices and Incomes (NBPI), would be likely to provoke industrial action. The alternatives accordingly were either to concentrate pressure on the consequential price increases by making these the subject of an NBPI reference or, possibly, to allow payment of a 10 per cent increase and to make the remaining 4 per cent the subject of a standstill direction and a reference to the NBPI. The exact character of the reference to the NBPI under the first alternative would need to be carefully considered. It might be

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limited to the price consequences of the immediate wage settlement; or, preferably, it might be a full efficiency audit, covering among other things the price structure of the industry and its costs, together with the possibilities of reducing expenditure in order to compensate for increased costs, either by means of higher labour productivity or as a result of a reduction in the industry's capital investment programme and promotional outlay. A reduction in the investment programme of the gas industry might be made with little damage to the economy, since the prospects of price reductions from natural gas following the pay settlement might be much less than the Gas Council had so far claimed. On the other hand it was argued that the reference to the NBPI should be so framed as not to expose the Government to criticism for having been prepared to authorise a 10 per cent increase, which was itself above the norm set out in the White Paper on Productivity, Prices and Incomes after 1969 (Cmnd. 4237). Moreover, a reduction in investment programmes in an attempt to prevent price increases would not merely entail for the nationalised industries a reduction in profit and a failure to achieve their financial targets but would also create for the economy as a whole serious problems of demand management if wage increases were not restrained at the same time.

In further discussion it was argued that excessive settlements well above the norm had recently been approved because of the alleged dangers of strike action. But in the water supply industry, for example, the employers had volunteered the pay offer, and had not been forced to concede it during the negotiations; and it was this irresponsibility on the part of the employers which must, if possible, be checked. In any event the Government now faced a situation which compelled them to review their incomes policy and to consider whether in present circumstances they could realistically maintain it or whether they must be prepared to yield whenever employers faced the threat of industrial action. In the latter event there could be no standstill directions or NBPI references in respect of the current gas and building industry agreements or of such forthcoming settlements as those in the Post Office and the motor industry. Nor would it be possible to give effect, in the case of the building industry, to the decision of the Ministerial Committee on Prices and Incomes, namely, that the parties to the agreement should be required to give a firm commitment on introducing a job evaluation system for determining pay, under the threat of a standstill direction if this were not forthcoming. Equally, it would be difficult to resist on any grounds further pay claims at the level of 10–15 per cent increases. On the other hand it was argued that a more searching interdepartmental analysis was required before it could be assumed that pay claims and settlements had reached a level at which the economy was
seriously at risk by comparison with our foreign competitors; and we should be on our guard against talking ourselves into renewal of wage inflation. Moreover, it should be possible to impose a standstill on the building industry settlement, even if this was not practicable in relation to the gas industry agreement. In the latter case, pressure could be exerted upon the employers through the price-controlling machinery, whereas this was not feasible as regards the numerous separate building employers; and a strike in the building industry would in any event have less serious effects than one in the gas industry.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that no standstill should be imposed on the pay increases under the recent agreement on the pay of manual workers in the gas supply industry. The First Secretary of State and the Paymaster General should, however, express to the Chairman of the Gas Council the Government's serious concern that the Council should have been fit to agree, without adequate authority, a settlement which entailed so large a wage increase and which was not based on any special justification as regards productivity or other grounds. There should then be a reference to the NBPI, designed among other things to impress on employers generally that concessions on wages could not automatically be passed on in higher charges to customers. The exact terms of this reference should be settled by the Ministers most closely concerned in the light of the outcome of the discussion with the Gas Council; but it might extend to an efficiency audit as well as to an examination of the industry's pricing structure and costs and to the various possibilities of reducing costs, e.g. through labour productivity or a reduction in the industry's capital expenditure programme without prejudice to its achieving its financial targets. As regards the building industry pay settlement, the First Secretary of State must be free to adopt whatever attitude she thought necessary in the light of the Government's decision on gas industry pay. Ministers would need to consider at an early date proposals from the First Secretary of State on the strategy which the Government should adopt on future incomes policy issues.

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:

(i) In consultation with the Paymaster General to express to the Chairman of the Gas Council the Government's concern about the current wage settlement, as indicated in the summing up by the Prime Minister.
(ii) In consultation with the Chancellor of the Exchequer and the Paymaster General to make a reference to the National Board for Prices and Incomes on costs and prices in the gas industry, as indicated in the summing up by the Prime Minister.

(iii) To circulate a memorandum on the strategy which the Government should adopt on future incomes policy issues.

3. The Prime Minister said that, before inviting the Cabinet to consider the substance of the next item on their agenda, the pay of school-teachers in England and Wales, he must draw their attention to a serious breach in the security of earlier Ministerial discussion of this subject at a particularly sensitive point in the negotiations with the teachers. On 31st December, 1969, the Prices and Incomes Committee had considered the teachers' claim and had reached certain conclusions about the Government's attitude towards it. The Chancellor of the Exchequer, as Chairman of the Committee, had given a specific warning about the importance of maintaining strict security about these conclusions; and the discussion had been separately recorded in a Confidential Annex to the minutes, which had been given only a limited distribution. Nevertheless, it was clear that the gist of it had been obtained by the Press; and the premature disclosure which had resulted had caused considerable embarrassment to those responsible for the negotiations. He had therefore decided that further steps must be taken to reinforce the security of collective discussion of delicate issues; in particular, the Chairmen of Cabinet Committees would henceforward have discretion to stipulate that, when a particularly important or sensitive item was included in a Committee's agenda, attendance at the meeting should be restricted to the Ministers responsible for the Departments directly concerned, who would be expected to attend the discussion in person.

4. The Cabinet considered a memorandum by the Secretary of State for Education and Science (C (70 5) about the pay of school-teachers in England and Wales.

The Secretary of State for Education and Science said that, invoking the discretion given to him by the Ministerial Committee on Prices and Incomes, he had told the Management Panel of the Burnham Committee that no objection would be raised to an offer
to the teachers of, or equivalent to, £85 per annum overall. The Panel had made such an offer in the form of increases tapering from £100 to £80. The teachers had rejected this offer and had said that they would take no part in arbitration. Strikes were now taking place in some 500 schools; a further similar group of two-week-long strikes would follow; and these might be succeeded by area strikes. Members of the Associations of Assistant Masters and Assistant Mistresses might also strike, disrupting the preparation of pupils for the General Certificate of Education and the conduct of the examinations themselves. Officials of the Department of Employment and Productivity (DEP) were meeting the teachers’ representatives shortly. The latter might be persuaded to co-operate in arbitration if the Chairman of the Panel were to be a retired High Court Judge and if the teachers were given assurances that the Government would not seek to over-ride the arbitration award under the provisions of the Remuneration of Teachers Act; that the Government were willing to consider further the machinery for settling teachers’ pay and their conditions of service; and that the report of the proposed reference to the National Board for Prices and Incomes (NBPI) on the structure of teachers’ pay would be made available to the Burnham Committee in time to be taken into account in the negotiations for a new settlement from April 1971. If the teachers still rejected arbitration, the principal courses open to the Government would be either to make an immediate reference to the NBPI of the proposed interim increase—which might have presentational advantages, although the recommendations of the Board might be below the £85 already offered and could not be implemented unless endorsed by the Burnham Committee; or to adhere to the current offers and to face the consequent strikes; or to appoint an arbitral panel in spite of lack of co-operation by the teachers. It might also be possible, though he would not recommend these courses, to impose an award by legislation; to make sufficient additional finance available to enable the local authorities to make an increased offer; or to seek a writ of mandamus directing the teachers to co-operate in the arbitration procedures. In all the circumstances, which had not been eased by the substantial awards made to other workers, he invited the Cabinet to agree that the assurances which he had suggested might be given to the teachers; that an early structural and comparability reference to the NBPI should be made in preparation for the negotiation of a settlement from April 1971; and that, if arbitration were frustrated, the proposed interim increase from April 1970 might be referred to the NBPI for an urgent report.

In discussion it was argued that there were considerable disadvantages in any reference to the NBPI of proposals for an interim increase. No decision on this point needed to be taken.
however, before the outcome of the discussions between the teachers’ representatives and DEP officials was known. It was also suggested that it would be of doubtful propriety to give an advance guarantee that the statutory procedure for over-riding an arbitral award would not be used, more especially since, although it was unlikely that the procedure would in fact be invoked, it would be wrong to allow the award to be implemented if the teachers maintained their disruptive tactics after it had been announced. On the other hand, it was argued that such an assurance was essential if there were to be any hope of securing the co-operation of the teachers in recourse to arbitration.

The Prime Minister, summing up the discussion, said that the Cabinet agreed on balance that the First Secretary of State and the Secretary of State for Education and Science should have discretion to offer the proposed assurances to the representatives of the teachers in the hope that they would then co-operate in arbitration and abandon strike action. The Cabinet would resume their discussion early in the following week in the light of developments.

The Cabinet—

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

(2) Agreed to resume their discussion in the week beginning 19th January.

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5. The Cabinet considered a memorandum by the Lord Privy Seal (C (70) 1) about the proposed ceilings for Civil Service non-industrial manpower up to April 1971.

The Lord Privy Seal said that, following a decision of the Cabinet in January 1968 an overall ceiling had been imposed on Civil Service non-industrial manpower in each of the years 1968–69 and 1969–70. These ceilings had been announced beforehand in Parliament and subsequently adhered to; and they provided a useful supplement to the normal system of financial control. Officials were considering whether a more flexible system of manpower planning might be developed in the long run; but the present system should be maintained for the coming year in view of its value as a means for keeping non-industrial staff numbers under control and as a demonstration of the Government’s determination to do so. The existing ceiling provided for a maximum of 496,500 staff by 1st April, 1970, which would allow an increase of 8,700 during
1969–70. After discussion with the Civil Service Department the bids made by Departments for 1970–71 amounted to 506,000. It might be possible, however, to reduce this figure to 504,000, given probable delays in recruitment, the build-up of new work and the continuation of studies (such as that of the panel under the chairmanship of Sir Robert Bellinger) of ways of achieving savings in Civil Service manpower. The increase in the ceiling next year would then be comparable to that for 1969–70 whose announcement had aroused little opposition. It was generally appreciated that the demands of Departments were increasing and that Civil Service numbers must be related to the workload imposed on the Service by Government and Parliament. He invited the Cabinet to agree that a ceiling of 504,000 should be applied up to April 1971; that Departments should continue to seek further manpower savings; and that so far as possible any additional work arising during the year should be absorbed within the proposed ceilings.

In discussion there was general agreement with the proposals in C (70) 1. It was suggested, however, that consideration might be given to making special provision in future years for those staff engaged in work which was fully paid for by outside organisations, for example, research staff engaged on work commissioned by industry.

In further discussion the following points were made:

(a) The proposed ceiling for the Ministry of Defence would involve a real saving of 2,000 posts after allowance had been made for the transfer of industrial staff to non-industrial status and for additional work. The ceiling might only be attainable by delaying the change of status, though this should be avoided if possible.

(b) Changes in manpower limits were complicating the extension of the work of the Land Registry. It would be helpful if a three-year forward programme could be agreed, even if the change to the compulsory registration of land had to be slower than originally planned.

(c) The Inland Revenue were under heavy pressure; and their position should be kept under review. But it was suggested that it would be realistic to reduce the proposed increase of 2,620 by 100.

(d) While the reductions proposed in the staff increases sought by the Home Office were accepted, the position would be kept under review, since additional staff might be essential if there were an exceptional increase in the prison population or the workload in the Law Courts became unmanageable.

The Prime Minister, summing up the discussion, said that the Cabinet accepted the proposals by the Lord Privy Seal for a ceiling of 504,000 on non-industrial Civil Service manpower up to April 1971. Estimates for 1970–71 should be prepared on the basis of the
targets set out in Annex B to C (70) 1, although the Cabinet recognised that this might cause difficulties and delays in implementing new policies and improving existing services. The search for further savings in the Departments should continue. The Lord Privy Seal should arrange to take account of the points made in discussion in the consideration now being given to the development of a more flexible system of manpower planning.

The Cabinet—

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

(2) Agreed that a ceiling of 504,000 should be set for Civil Service manpower up to 1st April, 1971.

6. The Prime Minister informed the Cabinet that the December trade returns, which were being published that morning, would disclose a zero balance of visible trade on a seasonally adjusted basis. This was only slightly less favourable than in November; and our exports were continuing to do well.

7. The Cabinet considered a memorandum by the Secretary of State for Local Government and Regional Planning (C (70) 2) on outstanding issues in the field of local government reorganisation.

The Secretary of State for Local Government and Regional Planning said that the purpose of his memorandum was to resolve outstanding points affecting the drafting of the White Paper which it was planned that the Cabinet should consider on Thursday, 22nd January. There were four main points or groups of points, concerning the treatment in the White Paper of local government taxation and financial relationships with Central Government; allowances and salaries for members of local authorities; aldermen; and various electoral issues. In addition there was the question whether Central Lancashire and Derby/Nottingham should be metropolitan areas, which the Cabinet had agreed at their meeting on 11th December, 1969, should be considered at a later stage.

In preliminary discussion emphasis was laid on the importance of ensuring that the White Paper on Local Government in England, the proposed Green Paper on the structure of the National Health
Service and the Bill to reorganise the personal social services were published with the minimum of interval between them, since the issues involved interlocked with one another. The Cabinet then considered in turn the matters arising from the Secretary of State's memorandum.

The Secretary of State for Local Government and Regional Planning said that the Ministerial Committee on Local Government Reorganisation had commissioned a number of studies from officials on this subject. But there was still a considerable amount of work to be done; and there had been no opportunity as yet for consultation on these matters with local authorities or other interests. It would not be practicable, therefore, to deal with the subject of local taxation and financial relationships in the forthcoming White Paper in any detail; and the Ministerial Committee had agreed that it would be preferable to confine the reference in the White Paper to a statement that the Government shared the Royal Commission's view that rates must remain the principal local tax and to promise publication of a Green Paper on local government finance at a later stage. A suggested form of words was set out in Annex I to his memorandum.

In discussion it was suggested that there might be advantage in arranging joint studies of local finance with the Labour Party, with due regard to the need to maintain confidentiality.

The Cabinet—

(1) Agreed that the White Paper on Local Government in England should treat the subject of local taxation and financial relationships on the lines proposed by the Secretary of State for Local Government and Regional Planning.

The Secretary of State for Local Government and Regional Planning said that the Ministerial Committee had agreed that the White Paper should acknowledge the need for substantial improvements in allowances to encourage individuals from different social backgrounds to take part in local government, with a view to discussions with the local authority associations being conducted during the next 12 months. On salaries they had concluded that the White Paper should say that the matter would be further considered when there had been experience of the working of the improved allowances and perhaps also of the burden placed upon councillors by a reorganised local government. On further consideration he had himself come to the conclusion that, given the wide division of opinion on whether councillors should be paid, the White Paper should not go beyond saying that the Government
would take steps to ascertain the opinions of all concerned with a view to reaching conclusions before the time came to present legislation.

In discussion there was general agreement that it would be a mistake to take a positive line on salaries in the White Paper, which might indeed refer to the need to know more about the burden which would remain on councillors after there had been greater devolution to officials. The point was made that in the interests of efficiency it would be essential to pay the chairman of the proposed area health authorities and, preferably, two or three members in addition. There were, however, grounds for distinguishing payment of members of such authorities from payment of councillors; and the Cabinet would have the opportunity to consider the point further in the context of the proposed reorganisation of the National Health Service.

The Cabinet—

(2) Agreed that the White Paper on Local Government in England should deal with the question of allowances and salaries for members as proposed by the Secretary of State for Local Government and Regional Planning.

The Cabinet—

(3) Agreed that the White Paper on Local Government in England should state that there would be no aldermen on the new local authorities outside Greater London and that the question of aldermen in Greater London would be discussed with the authorities concerned.

The Secretary of State for Local Government and Regional Planning said that a number of questions arose affecting the membership and election of local authorities, on some of which the Royal Commission on Local Government in England and the earlier Committee on the Management of Local Government had made recommendations. The Ministerial Committee had agreed that the White Paper should merely contain a general reference to the Government’s intention to pursue consultations on these matters with the political parties, the Local Authority Associations and the Associations of local government officers concerned. The question whether there should be a limit on the number of members of the main authorities, as proposed by both the Royal Commission and the Management Committee, presented special difficulty in view of the strong feeling in the Labour Party; and he proposed that the White Paper should merely say that the varying needs of the new
The disqualification of local government employees from membership of the council which employed them was another point of difficulty; but he suggested that this might be better considered in discussion on the White Paper, when the views of the Ministerial Committee would be known.

The Cabinet—

(4) Agreed that the White Paper on Local Government in England should deal with electoral issues as proposed by the Secretary of State for Local Government and Regional Planning.

The Secretary of State for Local Government and Regional Planning said that in his view there was a strong case on planning grounds for establishing a metropolitan authority in Central Lancashire, comprehending the areas of the unitary authorities which the Royal Commission had proposed should be centred on Blackburn, Burnley, Preston and Blackpool. The development of the proposed New Town at Leyland/Chorley made it additionally desirable that the area should be planned as a whole.

In discussion it was pointed out that the Cabinet had already agreed that metropolitan authorities should be established for West Yorkshire and South Hampshire in addition to those recommended by the Royal Commission. To establish a further metropolitan authority for Central Lancashire would represent a further derogation from the unitary principle favoured by the Royal Commission in the direction of two-tier local government, which would be the more anomalous in that it was proposed to reorganise the National Health Service on a unitary basis. Moreover, the more metropolitan authorities that were established, the wider would be the area over which responsibility for education would be divorced from that for the personal social services, contrary to the recommendation of the Committee on Local Authority and Allied Personal Social Services (the Seebohm Committee). The case for a metropolitan authority for Central Lancashire was also open to question on merits. Blackburn and Burnley had much in common and might, indeed, be eventually combined as a single unitary authority. But Blackpool had little connection with the rest of the area; and the development of the Preston area was related mainly to the needs of Manchester. It was suggested that Blackburn and Burnley might be reassured by the prospect of having some influence in the planning of the New Town; but the general view was that the creation of a metropolitan authority would be more likely to revive fears that the New Town would drain North-East Lancashire of population and prosperity. The area had at present none of the
characteristics of a conurbation; it would be time enough to consider the establishment of a metropolitan authority when the need arose.

The Prime Minister, summing up the discussion, said that the general feeling of the Cabinet was that there should not be a metropolitan authority for Central Lancashire. They also agreed that, on this basis, there could be no question of establishing such an authority for Derby/Nottingham.

The Cabinet—

(5) Rejected the proposal to establish metropolitan authorities for Central Lancashire and Derby/Nottingham.

8. The Cabinet considered memoranda by the Secretary of State for Social Services (C (70) 3) and the Secretary of State for Local Government and Regional Planning (C (70) 4) about implementation of the report of the Committee on Local Authority and Allied Personal Social Services (the Seebohm Report).

The Secretary of State for Social Services recalled that at their previous discussion the Cabinet had approved a statement accepting the proposed integration in a single family service of the local authority children’s and welfare services and certain other services as recommended by the Seebohm Committee; and they had authorised consultations with a view to early legislation. In the event, the proposed statement had not been made, but The Queen’s Speech had subsequently promised legislation for the current Session. Drafting of the Bill was in progress; but there were certain points outstanding on which the view of the Cabinet was required. One of these, the precise division of functions between the new local authority social service and a reorganised National Health Service, could be more appropriately considered in the context of the proposed new structure for the National Health Service, which the Cabinet were to discuss later in the week.

As for the scope of the Bill, the Ministerial Committee on Social Services had agreed that the Bill should be limited to organisational changes and should not attempt to extend the powers or duties of local authorities as the Social Work (Scotland) Act 1968 had done. They had also agreed that there should be a statutory social services committee supported by a statutory officer, whose
appointment would be subject to a measure of Ministerial control. This proposal ran counter to the view of the Committee on Management, which had been endorsed by the Royal Commission on Local Government in England, that local authorities should be left free to organise their own affairs as they wished; but the Committee regarded provision of this sort as vital for the efficiency of the personal social services at this stage of their development. He intended, however, to make it clear during the Second Reading debate that the requirement for a statutory committee was not envisaged as being permanent; following the example of the Social Work (Scotland) Act 1968, provision would be made for Ministerial control over the principal officer's appointment to lapse as soon as it was possible to prescribe qualifications for the post. It had been suggested in the Ministerial Committee that the statutory requirement to maintain a committee should expire after a specified period; but the majority of the Committee had taken the view that a time limit, to be of any presentational value, would have to be so short as to imperil the satisfactory establishment of the new service. He invited the Cabinet to endorse the conclusions of the Ministerial Committee on these points.

The main point in dispute was whether all local authorities should be required to integrate their relevant services from a common date, with provision for limited exceptions, or whether the Bill should empower Ministers to impose the requirement on different authorities at different times. The majority of the Ministerial Committee, including himself, had favoured the former course, principally on the grounds that further delay would be detrimental to the services concerned and would result in the authorities which reorganised first securing the best of the available staff.

The Secretary of State for Local Government and Regional Planning said that he differed from the majority view of the Ministerial Committee that the obligation to integrate should be imposed on all local authorities from a common date. In his view to proceed in this way would stimulate the maximum opposition from local authorities, many of whom would face a double upheaval within a very short period—first, when they reorganised their social services and, second, when they had to face the general reorganisation of local government. He therefore favoured the alternative of selective implementation at Minister's discretion, which would enable account to be taken of the effect of prospective reorganisation on individual authorities. The proposal by the Secretary of State for Social Services, by allowing for exceptions to the general rule, would in practice lead to the development of a selective system; and it would therefore be preferable to proceed selectively from the outset. As regards the question whether the Bill should set a term to the new
statutory requirements, he would prefer a specific time limit of, say, five or seven years, for the reasons set out in C (70) 4; but he would be content if a clear statement were made that the statutory requirement would be abolished as soon as the development of the new service permitted. He suggested that, in order to forestall criticism of the new requirements, the Government should announce their intention to repeal certain other statutory requirements affecting local authorities’ internal organisation by including in the White Paper on Local Government Reorganisation a paragraph on the lines of the Annex to his memorandum.

In discussion there was acceptance of the conclusions reached by the Ministerial Committee on the scope of the Bill and the proposed requirement as regards a statutory social services committee and chief officer. On the question whether establishment of an integrated service should be imposed selectively or “across the board”, there was support for both the views expressed. It was argued that the local authorities who opposed immediate integration were opposed to the Seebohm recommendation itself rather than to any particular method of implementing it and that, once the Government made it clear that reorganisation was to proceed, many local authorities would be anxious to press ahead with it in order not to lose the best staff. It was also pointed out that the social work profession were generally in favour of general implementation.

In further discussion it was agreed that a term should not be set to the new statutory requirements. The proposal by the Secretary of State for Local Government and Regional Planning for a passage in the White Paper on Local Government Reorganisation was acceptable in principle; but the wording would require further consideration in the light of the respective publication dates of the White Paper and the Bill.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the Bill on Local Authority and Allied Personal Social Services should not attempt to extend the powers or duties of local authorities. On balance, they accepted the majority view of the Social Services Committee that local authorities should be made subject to a general requirement to integrate their social services from a common date, with provision for exceptions on the basis of criteria to be agreed. They considered that no time limit should be set to the provisions requiring a statutory social services committee; but they agreed that it should be made clear during the Second Reading debate that the requirement was not intended to be permanent. The Secretaries of State for Social Services and Local Government and Regional Planning should agree the terms of a
statement to this effect. The suggestion by the Secretary of State for Local Government and Regional Planning that a passage should be included in the White Paper on Local Government Reorganisation stating the Government's intentions towards existing statutory requirements was accepted in principle; but its wording would require further consideration.

The Cabinet—

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

Cabinet Office, S.W.1,
14th January, 1970.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 15 January, 1970 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 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. 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. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury
The Right Hon. LORD BROWN, Minister of State, Board of Trade (Items 2-3)
Mrs. SHIRLEY WILLIAMS, M P, Minister of State, Home Office (Item 5)
The Right Hon. LORD WILSON, Q C, Lord Advocate (Items 3-4)
The Right Hon. Sir ELWYN JONES, Q C, M P, Attorney-General

SECRET
Secretariat:

Sir Burke Trend  
Mr. P. E. Thornton  
Mr. J. Crocker  
Mr. G. F. Kear  
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.

*They also considered arrangements for the despatch of Parliamentary business if the printing of Parliamentary papers was interrupted by industrial action.

The Lord Privy Seal said that the Cabinet had asked the group of Ministers under his chairmanship to consider whether any further action should be put in hand to deal with a possible recurrence at Her Majesty’s Stationery Office (HMSO) of the industrial action which had for some time been causing disturbance to the provision of Parliamentary papers. The Ministerial group had concluded that alternative facilities of the kind envisaged would be liable to be needed on a continuing basis and that no accommodation for them could be provided in the Palace of Westminster, since the space would then be incapable of being used for any other purpose. They had accordingly chosen a building in Parliament Street which seemed a suitable location for an emergency service; and Xerox machines were at present being installed there. On the basis of these facilities the Houses of Parliament, including their Committees, could in an emergency be provided with an adequate service of essential papers, with possibly some initial disturbance at the outset. The machines would be operated by clerical staff provided by private employment agencies; but consideration was being given to the possibility of using members of the Armed Forces in this role if the agencies or their staff were dissuaded from taking the work by trade union action. In the last resort, if physical interference with the Parliament Street operation prevented it from being maintained, plans were in train for the establishment of more limited emergency facilities within the Palace of Westminster, which should ensure a minimum service of papers for both Houses of Parliament, although not for their Committees. The cost of operating the arrangements in an emergency would be borne on the Votes of the Houses of Parliament.

The Lord President of the Council agreed that these proposals represented the most effective arrangements which could be devised as an insurance against the contingency in question.

The Cabinet—

Took note, with approval, of the proposed emergency arrangements for printing Parliamentary papers.

* Previously recorded in a Confidential Annex.
2. The Prime Minister said that it had been agreed by the Ministers principally concerned that a statement should be issued not later than the following day on the Government's position in relation to public indications by the London Transport Executive that London Transport fares might have to be raised as a direct consequence of decimalisation. The statement should make it clear that the Government did not regard decimalisation as, in itself, a justification for price increases and that it would be inconsistent with Government policy for the change to decimal currency to be used as a pretext for unnecessary increases in prices; that the fares structure of London Transport Services was no longer a direct Governmental responsibility but was primarily a matter for the London Transport Executive, subject to the approval of the Greater London Council; that the Government therefore expected the Executive and the Council to subject their intentions to close examination in the light of the Government's policy; but that they would in any event reserve the right to arrange, as necessary, for further scrutiny of, and action on, any proposals for increases in fares which might subsequently be put forward.

The Cabinet—

Took note, with approval, that the Prime Minister would arrange for the issue on the following day of a statement on the lines proposed.

3. The Cabinet considered a memorandum by the First Secretary of State and Secretary of State for Employment and Productivity (C (70) 7) about the publication of a consultative document on the Government's proposals for the establishment of a Commission for Industry and Manpower (CIM).

The First Secretary of State said that since the Cabinet had last considered her proposals for consultations on the scope and functions of the Commission she had had informal discussions with representatives of the Confederation of British Industry (CBI); and the Ministerial Committee on Industrial Policy (IPY) had examined the proposed machinery to deal with politically sensitive salaries. She hoped to be able to publish a revised version of the document on the following Tuesday after circulating it to the Cabinet for final clearance over the weekend; this would allow a month for public discussion of its proposals without seriously delaying the introduction of the consequential Bill in Parliament. There were, however, a number of issues which must first be decided.
**The First Secretary of State** said that the CBI had reacted to the document strongly and on the expected lines. They had argued that the proposals represented a substantial extension of the Government's powers of intervention in industry and had particularly objected to the proposed price control powers. They had suggested that the Government were abandoning all attempts to control the activities of the trades unions and were seeking, instead, greater powers to control prices, a course which could only lead to further reductions in industrial investment. They had maintained, therefore, that the proposals were bound to have an adverse effect on the relations between industry and the Government.

This last suggestion could perhaps be discounted. But it might be possible to allay some of the fears expressed by the CBI by explaining more fully in the opening paragraphs the reasons why the Government felt that the powers of enquiry should cover larger companies and why it was necessary to retain, broadly, the powers in the existing monopolies legislation. But the more stringent conditions which would govern the exercise of those powers could be given further emphasis; and a clearer distinction could also be drawn throughout the document between those enquiries which would be designed to lead to the implementation of the powers and those which would be educative in character, in the sense that they would be directed primarily to elucidating the facts in a given situation and bringing the force of public opinion to bear in improving it. One other concession—*i.e.* the omission of the requirement on the CIM to have regard not only to the public interest as defined and to the prices and incomes policy but also to "other general considerations which would be set out from time to time in statutory orders made under the Act"—might cause little difficulty in practice, while allaying exaggerated fears about the Government's intentions.

In discussion it was argued on the one hand that the circumstances in which firms might be referred to the CIM should be both more limited and more closely defined. No adequate case had been made for extending the power of enquiry beyond the existing criteria of technical monopoly situations, large mergers and prices and incomes policy. The criteria for references in the draft discussed with the CBI should therefore be amended in order to make it clear that references would "only", not "normally", be related to the listed criteria, which should be limited to those under existing legislation. Even if large companies *per se* were to be included within the scope of the Commission, the circumstances in which they were liable to be referred should be clearly specified. On the other hand it was pointed out that the scope of enquiries by the
CIM had been considered at length by the IPY Committee. The Cabinet had endorsed the Committee's conclusion that the new body should not simply inherit the existing powers of the Monopolies Commission and the National Board for Prices and Incomes (NBPI), but should concentrate on ensuring, so far as possible, that the larger industrial units remained subject to the normal pressures of competition, while limiting its intervention in relation to smaller firms. Some Ministers had expressed concern that even the limits now proposed by the First Secretary were too restrictive. There was public anxiety about the implications of industrial restructuring; and it was important that its consequences should be kept under review. This might be ensured if the £10 million limit was maintained. It was difficult to specify any more precisely the circumstances in which firms might be referred to the CIM without unduly limiting the Government’s future freedom of action.

The Prime Minister, summing up this part of the discussion, said that the Cabinet agreed that the document should be redrafted on the lines proposed by the First Secretary of State in the hope of allaying in some measure the anxieties of the CBI. In addition, however, she should give further thought to the possibility of amending the document in such a way that the circumstances in which firms might be referred to the CIM were made more precise. But the general principles governing the circumstances in which references to the CIM should be made had already been agreed; and these decisions of policy should stand.

The Cabinet—

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

(2) Invited the First Secretary of State to arrange for the draft consultative document to be further amended on the lines indicated in the Prime Minister's summing up.

The Lord Privy Seal said that the IPY Committee had agreed that the legislation should make specific provision for the establishment of a self-reporting panel within the CIM, to review and advise on top salaries in the public sector in such groups as Ministers, Members of Parliament, the Boards of nationalised industries, senior civil servants, the most highly paid local authority officers and the judiciary—although it would be undesirable to insist on this last point against the opposition of the judges. The absence of some such co-ordinating institution had created difficulties in the past in determining the salaries of politically sensitive groups of this kind. Following his informal discussions with the National Staff Side he thought that the Civil Service would now accept the proposals and the consequential abolition of the Powden Committee, provided that...
they were consulted on the appointment of one or more of the members of the new panel, that they were given an opportunity to make their own case to the panel and that the proposed four-year reviews were supplemented by two-year interim reviews which would prevent salaries falling so far behind as to require embarrassingly large increases at one time. He supported the inclusion of both the nationalised industries and local authorities in the scope of the panel. It was regrettable, but inevitable, that the doctors and dentists could not be included at this stage. But the Government should have the power to add or to subtract groups by direction. In principle the judges should be included, since this would both strengthen the new machinery itself and would reduce the risk that the judges would be involved in political controversy. Moreover, it would probably be to the advantage of the judges themselves.

The Lord Chancellor said that his consultation had shown the English judges to be opposed at present to the reference of their remuneration to the proposed panel, not least because they feared that this might involve them in public controversy. The arrangement whereby the salaries of the lower judiciary were related to those of the higher Civil Service was satisfactory; and it would be preferable to seek to establish a similar relationship between those of the High Court judges and Permanent Secretaries. Moreover, since the Act of Settlement the salaries of the judges had been dealt with directly by the Government; and before any outside body was involved in their determination the judges would wish to know more about its scope, constitution and membership.

The Lord Advocate said that the Scottish judges, on the contrary, would be content to be brought within the scope of the panel, provided the English judges were also included.

In discussion it was suggested that a distinction might be drawn between the salaries of Ministers, Members of Parliament, judges and the other groups. For the former, even four-yearly reviews might prove embarrassing. It might be preferable to refer their salaries to the panel on comparatively rare occasions in order to establish a formula for relating them to the higher Civil Service; between such reviews increases would follow those of the analogues. On the other hand it was argued that such fixed relativities were inappropriate and that it would be unsatisfactory for the panel, in considering the salaries of higher civil servants, to take decisions by implication on the salaries of other groups without considering whether such decisions were appropriate on merits.

In further discussion it was argued that to include the judges in the scope of the panel would increase their independence in so
far as their salaries would no longer be solely dependent on the Executive. Moreover, if proposed increases were the result of regular reviews conducted by an independent body, they were likely to arouse less opposition in Parliament than the present infrequent, large and apparently arbitrary increases. If the judges were included in the scope of the panel, it might even prove possible to eliminate the present need to obtain validation of the increases by affirmative Resolution of both Houses of Parliament. These considerations suggested that it might be possible to persuade the English judges that it would be desirable that their remuneration should be brought within the scope of the panel in view of the overall advantages of this course; and it would therefore be appropriate to make further efforts in this direction before any definite decision was reached.

In further discussion the following points were made:

(a) The Government were already publicly committed to a review of the pay of Members of Parliament early in the new Parliament; and this had been welcomed in the House of Commons. It might be inappropriate, therefore, to announce at this stage that these salaries would be reviewed at particular intervals, although fixed relativities were unlikely to be appropriate and there were obvious advantages in including them in principle in general reviews of the politically sensitive groups as a whole.

(b) Local authority Associations should be consulted about the proposal to include the most highly paid local government officials in the scope of the panel.

The Prime Minister, summing up the discussion, said that the Cabinet were in general agreement with the proposals for a special panel to consider politically sensitive salaries. The Lord Chancellor and the Lord Advocate might undertake further consultations with the English and Scottish judges, preferably together, in order to ascertain whether there was any likelihood that the former could be brought to agree to be included in the scope of the panel in the light of the arguments put forward in the Cabinet's discussion. In the meantime no reference to the judges should be made in the consultative document; and any questioners should be told that the matter was still under consideration. So far as Members of Parliament were concerned it was important that the conduct of the review which the Government were already committed to initiate early in the next Parliament should not be unduly prejudiced in advance by the consultative document; and it would be desirable that the First Secretary of State and the Lord President should give further consideration to the wording of the document on this point in order to preserve the necessary freedom of action to decide how the remuneration of Members of Parliament might best be determined, Parliament by Parliament.
The Cabinet—

(3) Took note, with approval, of the summing up by the Prime Minister of this part of their discussion.

(4) Approved the proposals in paragraphs 10–14 of C (70) 7, subject to the points made in discussion.

The First Secretary of State said that a difficulty had arisen over the implementation of the Cabinet's earlier decision that reports from the CIM need not be unanimous but that their panels would have to seek endorsement of their conclusions by the Commission as a whole. At present the powers in the Monopolies Legislation could only be invoked if the report was approved by a two-thirds majority. It would be possible to continue this provision, recognising that, as a result, there would be some cases where it would not be possible to invoke the powers—a course she would not recommend. Alternatively, the Government could refuse to renew the provision, thus straining their relations with the CBI still further. Or the Cabinet might think it best to reconsider the decision to provide for dissenting views and to retain the practice of the NBPI.

In discussion it was pointed out that the two-thirds rule had not in practice caused any significant difficulties in acting on reports of the Monopolies Commission. It was inapplicable to those references whose purposes was mainly educative; and in other cases the Government would not be in a strong position to use the powers if less than two-thirds of the Commission had found that the firm in question were acting against the public interest. Moreover, although it might be possible to dispense with a two-thirds majority where no more was involved than e.g. the short-term control of the price of an individual commodity, it would be regarded as an important safeguard in cases where an industry might be required to make, or to refrain from, major structural changes or fundamental modifications of practice.

The Prime Minister, summing up this part of the discussion, said that the two-thirds rule should apply before powers related to the basic structure of an industry could be invoked. The First Secretary of State might consider, however, whether a distinction could be drawn between cases of this kind and short-term references, to which the rule need not perhaps apply—on the understanding that, if the report on such a reference contained structural recommendations, these would have to be the subject of a further long-term reference and be made conditional on a two-thirds majority decision.
The Cabinet—

(5) Invited the First Secretary of State to consider the proposals further in the light of the summing up of the discussion by the Prime Minister.

The First Secretary of State reported that further consideration had been given to the proposal that, for the purposes of the assets limit which would be included in the legislation, the assets of a group should include those held overseas (though the activities of a foreign parent company could not themselves be referred to the CIM). While there might be difficulties in such a definition, both in principle and in practice, officials of the Departments concerned had concluded, on balance, that its advantages outweighed its disadvantages.

The Cabinet—

(6) Agreed that overseas assets should be included in the definition of capital employed on which the criteria for references to the CIM would be based.

The First Secretary of State said that, unless local authority rents were specifically excluded, they would be within the scope of the CIM, together with other local authority trading services. A special provision to exclude them would be controversial. Moreover, although the powers would not be invoked so long as local authority rents could be dealt with under the new Rent Act, they might be required when the provisions of that Act expired. It should therefore suffice if the subject was not mentioned in the consultative document.

The Cabinet—

(7) Agreed that local authority rents should not be excluded from the statutory definition of the scope of the CIM.

The Cabinet—

(8) Invited First Secretary of State to circulate a further draft of the consultative document, revised in the light of the points made in discussion, for consideration at their next meeting.

4. The Cabinet considered a memorandum by the Lord Chancellor about the salaries of the higher judiciary (C (70) 6).

The Lord Chancellor said that there had been no increase in the salaries of the higher judiciary since 1st April, 1966, i.e. for
almost four years. He was now proposing that these salaries should be increased by amounts equivalent to the Stage 1 increase which the higher Civil Service had received in the previous July. This would involve an increase of some £1,400 in the salaries of High Court judges and corresponding increases in the salaries of other members of the higher judiciary. This increase was equivalent to 3½ per cent per annum, which compared with an increase of over 4 per cent per annum in the retail price index since April 1966, and was within the incomes policy ceiling. Since 1919 the position of High Court judges had deteriorated in relation to, for example, that of Permanent Secretaries. At that date the Permanent Secretary of the Treasury had received a salary amounting to 40 per cent of that of a High Court judge: today the former was paid rather more than the latter. Moreover, the lower judiciary had received an increase at the same time as the higher Civil Service in the previous July; and the differential between the lower and higher judiciary had been significantly constricted as a result.

In discussion it was pointed out that the proposed increases would require to be validated by affirmative Resolutions of both Houses of Parliament and that in 1966 there had been considerable opposition to the Resolutions introduced in relation to the increases granted on that occasion. This opposition had derived not merely from the fact that the Resolutions had come before Parliament during the wage freeze but also from strongly held objections to very substantial increases in salaries which were already large. It would be difficult for the Government to defend the increases now proposed against criticism which would be liable to be revived all the more actively because there had been no full examination of the case by an impartial body. Moreover, it would be inopportune to make these substantial increases in judges’ salaries at a time when it was particularly important to avoid imparting further momentum to demands for excessive wage increases and the Government were continuously endeavouring to moderate the demands of bodies of more lowly-paid workers, e.g. teachers, large numbers of whom were receiving annual salaries which amounted to no more in total than the increases now proposed for High Court judges.

On the other hand it was argued that salaries of the higher judiciary had not kept pace with other salaries over a long period; and it was impossible to maintain that the increases now proposed were not justified on merit and in equity.

The Prime Minister, summing up the discussion, said that it could perhaps be agreed in principle that the salaries of the higher judiciary should be increased to the levels proposed by the Lord
Chancellor. Nevertheless, it was inopportune to make these increases effective at the present juncture; and the degree of retrospection to be conceded would also require further consideration. In accordance with the Cabinet's decision on the previous item the Lord Chancellor would be holding discussions with representatives of the higher judiciary with the aim of persuading them, if possible, that their salaries should in future be subject to review by a panel of the Commission for Industry and Manpower; and the Cabinet might usefully give further consideration to the proposed salary increases when the outcome of these discussions was known. If the higher judiciary were prepared to accept that their salaries should henceforward be subject to review by the Commission for Industry and Manpower, an announcement of this new arrangement at the same time as that of the salary increases might contribute significantly to mitigating opposition to the latter.

The Cabinet—

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

5. The Cabinet considered memoranda by the Secretary of State for Social Services (C (70) 8), the Secretary of State for Scotland (C (70) 10) and the Chief Secretary, Treasury (C (70) 9), on the reorganisation of the National Health Service (NHS).

The Secretary of State for Social Services recalled that the Green Paper, "Administrative Structure of Medical and Allied Services in England and Wales", published in July 1968, had proposed that the hospital service, the general practitioner and dental services and the local authority health services should be integrated in a single service, which it was suggested might be administered by 40-50 area Boards. The possibility had been kept open that these Boards might in fact be reorganised local authorities. The proposal for an integrated service had been generally welcomed; but the administrative structure proposed had been criticised on the grounds that the Boards would be too remote. As a result of further discussion in the Ministerial Committee on Social Services and consultations with the local authority Associations and the professional interests concerned, he had evolved proposals for a different administrative structure, for which he sought the Cabinet's endorsement. Decisions on the structure of the NHS were closely related to the decisions on the reorganisation of local government and on the organisation of the personal social services which the Cabinet were in the course of
taking; and he proposed to publish his revised proposals in a Green Paper as soon as possible after the appearance of the White Paper on Local Government in England.

There were two points on which in his opinion the Government must now announce firm decisions. The first was that the reorganised Health Service would not come under local authority control, as the Royal Commission on Local Government in England had envisaged. Had this course been practicable, it would have greatly simplified the problem of ensuring co-operation between the medical and social work services, as well as injecting a welcome element of local democracy into the arrangements. But the Ministerial Committee were unanimous that it was ruled out by considerations of financial accountability and by the opposition of the medical profession. The second point on which a firm decision was needed was the precise division of functions between the reorganised Health Service under Government control and the social work and other services which would remain with local authorities. The division which he proposed, which was set out in detail to Annex 2 to C (70) 8, was based on the principle that, where the medical element predominated, responsibility should rest with the NHS and, where social work skills were primarily needed, responsibility should rest with the local authorities. There were, however, some fields, particularly the care of the mentally handicapped, where responsibilities overlapped and concurrent powers would be necessary. Here, too, his proposals had the unanimous approval of the Ministerial Committee, except that the Secretary of State for Education and Science had certain reservations in relation to the care of children under five.

Given that an integrated Health Service could not be brought under local authority control, it remained to consider how it could best be organised. The conclusion he had reached was that, in order to facilitate co-operation with the local authority services, the Health Service should be administered by about 90 area health authorities, whose areas should be identical with those of the unitary authorities and metropolitan districts which would emerge from the reorganisation of local government. These area health authorities would be directly responsible to the Secretary of State and would operate within budgets fixed by him. There would also be regional health councils, who would have no executive function but would be concerned with planning, hospital and specialist services, postgraduate education and other activities which required to be organised over wider areas. In most areas health authorities would devolve much of the day-to-day management to district sub-
committees with substantial local representation. This general structure had the unanimous approval of the Ministerial Committee and was recognised as being a substantial improvement on earlier proposals. But differences of opinion persisted on the composition of the area health authorities.

In discussion there was general agreement that in present circumstances it was not practicable to bring the NHS under local government control and that the division of functions between that Service and local authority services should be as proposed in Annex 2 to C (70) 8. On both points the Green Paper should state a firm decision, on the understanding that the question whether care of the under-fives should rest with the social service departments of local authorities or with their education departments could be considered subsequently. There was also general support for the proposal that the NHS should be administered by area health authorities, on the basis of areas coterminous with those proposed for unitary authorities and metropolitan districts. The composition of the proposed health authorities was reserved for subsequent consideration; but it was suggested that a possible way of reconciling the conflict between the managerial and representative functions of the authorities might be to distinguish an executive element within each authority, which might perhaps have a special responsibility for framing the authority's budget. Special arrangements were in any case likely to be needed in Wales.

The Cabinet—

Agreed to resume their discussion at a subsequent meeting.

Cabinet Office, S.W.1.
16th January, 1970.
SECRET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 20th January, 1970, 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 (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. 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 (Items 1 and 2)

The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department (Items 1 and 2)

The Right Hon. FRED PEART, M.P., Lord President of the Council (Items 1-3)

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 (Items 2-4)

Secretariat:

Sir Burke TREND
Mr. J. CROCKER
Mr. G. F. KEAR
Miss S. W. FOGARTY

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1. The Cabinet resumed their consideration of memoranda by the Secretary of State for Social Services (C (70) 8), the Secretary of State for Scotland (C (70) 10) and the Chief Secretary, Treasury (C (70) 9) on the Reorganisation of the National Health Service (NHS).

The Secretary of State for Social Services recalled that at their previous meeting the Cabinet had agreed that it was impracticable to bring the new integrated health service under local control and that the division of functions between that service and local authorities should be as set out in Annex 2 of C (70) 8. But they had not decided whether responsibility for children under five should rest with the social services committee, or with the education committee, of a local authority. The Committee on Local Authority and Allied Personal Social Services (the Seebohm Committee) had unanimously recommended that the responsibility for the day care of children under five and for day nurseries should attach to the new social services committees. This was probably the right solution, although there would clearly be a need for the closest co-operation between the two committees if the educational interests of the children, about which the Secretary of State for Education and Science was concerned, were to be safeguarded. It was not essential, however, that the matter should be decided at this juncture; and he proposed that it should be further considered in the Ministerial Committee on Social Services.

The main issue before the Cabinet was the composition of the area health authorities which he was proposing should be set up with areas coterminous (outside London) with those of the main authorities which would emerge from the reorganisation of local government. These area health authorities would have executive control of the integrated service and would be responsible directly to the Secretary of State; but there would be administrative devolution to district sub-committees with strong local representation. There would also be regional health councils for the planning of hospital services, post-graduate education and other activities requiring to be organised over wider areas. These would be mainly advisory bodies, although they might be given executive responsibility in limited fields. Given that the Government were responsible to Parliament for the administration of the NHS and provided almost all of its revenue, it seemed natural that the Secretary of State should appoint, if not the whole of the members of the authorities, then at any rate a majority; and with the approval of the Ministerial Committee on Social Services he had consulted the local authority associations and professional and other bodies on the basis of
proposals which would give his appointees a bare majority. It was clear, however, that the local authorities wanted substantially greater representation on the area health authorities than was possible on this basis; and, taking account of the views expressed by the Royal Commission on Local Government in England and of the fact that the NHS would be assuming responsibility for a substantial block of services at present operated by local authorities, it was politically difficult to deny them this. Moreover, the necessary co-operation between the new health service and the social work services of local authorities could not be secured unless the latter believed that they were genuinely participating in the operation of the service. He had therefore considered whether the Government's responsibility for the NHS was compatible with his appointees being in a minority on the area health authorities and had concluded that it was, provided that the Secretary of State had adequate control over the expenditure of the authorities. It was not the case that control could only be exercised through the power of appointment; indeed the present NHS, for all that the regional hospital boards were wholly appointed by him, had not in practice shown itself very responsive to Government control. What was essential was that there should be control over the budgets of the area health authorities and that the Secretary of State should be supported by an organisation adequate to achieve this. He accordingly proposed that each local health authority should have its block allocation of finance but that there should also be control over important sectors of capital expenditure such as hospital building. Given this apparatus of financial control, reinforced by the appointment of a paid chairman to each authority, he believed that the proportion of the members appointed by the Secretary of State was not particularly significant; and he proposed that he should be content to appoint only one-third of the members, the local authorities appointing another third and the professions and staff associations the remainder. This would not wholly satisfy the local authorities; but in his judgment it would give them a sufficiently large stake in the service to ensure their co-operation.

The Chief Secretary, Treasury, said that, while he accepted that appointees did not necessarily reflect the views of those who appointed them, the Secretary of State's proposals raised a major point of principle. The Government were answerable to Parliament for the NHS; and the Accounting Officers concerned had to answer to the Public Accounts Committee for the expenditure involved. Could they effectively discharge that responsibility if the Secretary of State nominated only the chairman and one-third of the members of each area health authority? Improved financial control on the lines proposed by the Secretary of State was not in itself an adequate
answer to that question; and it was difficult to argue that the Government would be seen to be discharging their responsibility to Parliament unless the Secretary of State appointed at least a majority of the members.

*The Secretary of State for Scotland* said that, despite the accepted differences in the present organisation of the health services in England and Scotland, he could not support the proposals of the Secretary of State for Social Services. The present organisation of the NHS in Scotland gave the Secretary of State effective control; and in putting forward proposals for reorganisation he had been careful not to be too specific on the composition of the new health authorities. In his judgment it was important that the responsible Minister should be seen to have effective control of the service and that there should be no risk of its becoming dominated by representatives of the professions. It would therefore be undesirable that the Government, by announcing specific proposals for the composition of area health authorities in England, should risk prejudicing forthcoming consultations in Scotland and so make it impossible to adopt a solution suited to the needs of that country, especially since the professions were organised on a Great Britain basis and whatever was said in the English Green Paper would be the starting point for negotiations in Scotland. Moreover, it was doubtful whether, if chairmen of area health authorities were paid, it would be possible to secure men of as high a calibre as those who at present gave their services in Scotland on a voluntary basis.

In discussion it was accepted that the proposals put forward by the Secretary of State for Social Services represented an acceptable compromise in circumstances in which no ideal solution was available. There was strong political pressure for a greater degree of democracy in the administration of the NHS; equally, however, it could not be denied that the Government were responsible for the service and were accountable for its expenditure. But local authorities were responsible in their own right for spending even greater sums than were involved in the running of the NHS; and experience provided no grounds for thinking that elected local representatives were necessarily less responsible than Government appointees. Even if the Secretary of State appointed a majority of the members of every health authority, the individuals concerned, once appointed, would develop a loyalty to the authority on which they served and there was no way of ensuring that they would always comply with the Government's wishes. In so far as the course advocated by the Secretary of State for Social Services proved to be less appropriate in Scotland, and possibly in Wales, it should be
possible for the Secretaries of State for those countries to justify the discrepancy by reference to the specifically Scottish and Welsh factors which explained the existing differences between the health services concerned.

At the same time financial control limited to the total budgets of area health authorities was not likely to prove adequate in itself. Previous attempts to reduce expenditure on the NHS had shown that the Secretary of State had neither the knowledge nor the powers to insist on savings being made where they would do least damage to the service; and, while it was desirable that every area authority should be given a block allocation of finance and that there should be no interference with their judgment on minor matters, careful thought should be given to working out arrangements which would give the Secretary of State adequate control over major items of current expenditure as well as over capital expenditure.

Efficient management would be of critical importance; and it was therefore essential that the staffs of area health authorities should include individuals whose training and experience comprised both medical and managerial skills. Further thought also needed to be given to defining the functions of the proposed regional health councils and district sub-committees and to the manpower implications of the proposed changes.

*The Prime Minister*, summing up the discussion, said that the Cabinet agreed that it was impracticable to bring the new integrated health service under local control and that the division of functions between that service and local authorities should be as proposed by the Secretary of State for Social Services. The Secretary of State for Education and Science should bring before the Ministerial Committee on Social Services the question whether responsibility for children under five should rest with the social service committees of local authorities or with the education committees. The Cabinet also agreed that the integrated health service should be administered by area health authorities with areas matching those of the unitary authorities and metropolitan districts proposed by the Royal Commission on Local Government in England, with administrative devolution to district sub-committees and with regional health councils exercising predominantly advisory functions. As regards the composition of the area health authorities they accepted the proposal that the Secretary of State should appoint the chairman of each authority and one-third of the members, a further third being nominated by the local authorities and the remainder by the professions concerned. The question of the basis of payment of the chairman would need to be further considered, in the light of the views of the Treasury and the Civil Service Department; and more detailed thought must be given to the powers which the Secretary of
State would need in order to maintain adequate control over the expenditure of area health authorities on the lines agreed by the Cabinet during their discussion. These issues, together with such other matters as the appointment of a Health Commissioner, could be further discussed, if necessary, in the course of the drafting of the proposed Green Paper.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion and invited the Secretary of State for Social Services to arrange for the Green Paper on the National Health Service to be drafted accordingly.

(2) Invited the Secretary of State for Education and Science to bring the question of responsibility for children under five before the Ministerial Committee on Social Services.

The First Secretary of State said that officials of the Department of Employment and Productivity had met the Teachers Panel of the Burnham Committee on 16th January in order to try to persuade them to accept arbitration. The teachers had maintained their refusal to co-operate in a reference to arbitration; but there had perhaps been some signs of a weakening in their attitude. Together with the Secretary of State for Education and Science she therefore intended to meet the Teachers Panel later in the week in order to urge them once again to accept a reference to arbitration. At this meeting they would not make any further offer of a pay increase but would repeat the assurances authorised by the Cabinet and already given by officials, namely that there would be an independent chairman for the arbitration panel and that the Government would not seek to override any arbitration award on this occasion by making use of the appropriate provisions under the Remuneration of Teachers Act. They would add a further assurance that the Secretary of State for Education and Science would be prepared to consider with the teachers’ representatives the question of new machinery for settling pay and conditions of service and that a reference would be made to the National Board for Prices and Incomes on the structure of teachers’ pay with a view to the Board’s report being available to be taken into account in the negotiations for pay from April 1971. In the light of the teachers’ reaction to these assurances it would be necessary to consider what further action might be required.
The Prime Minister, summing up a short discussion, said that the Cabinet endorsed these proposals. The extremist attitude which some of the teachers’ representatives were advocating was perhaps beginning to evoke a reaction on the part of the more moderate elements, who were not indifferent to the effect of their action on the welfare of their pupils; and discreet steps might be taken to secure greater publicity for the essentially reasonable character of the Government’s policy and the weaknesses in the teachers’ case.

The Cabinet—

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

3. The Cabinet considered a memorandum by the First Secretary of State (C (70) 12), to which was attached a revised version of the consultative document on the Government’s proposals for the establishment of a Commission for Industry and Manpower (CIM).

The First Secretary of State said that in accordance with the decisions of the Cabinet at their previous meeting the consultative document had been redrafted to include the points of clarification which had been suggested. The introductory section had been expanded to set out more fully the reasons for the Government’s proposals. She had given further thought to the possibility of amending the document in such a way that the circumstances in which firms might be referred to the CIM were made more precise. If, however, the criteria for reference were to be specified in full in the document and in the legislation, it would be necessary to add three additional factors of this kind, as set out in paragraph 6 of C (70) 12, to the illustrative list. Two of them were already included in the definition of public interest in the Monopolies Legislation; and the third had been specifically proposed in Cmnd. 4237. But difficulties might be expected at the Committee stage of the proposed Bill in ensuring the passage of such a detailed list of the circumstances in which references might be made. Moreover, the fears of the Confederation of British Industry (CBI) could only be allayed, as they had been in relation to both the existing Monopolies Legislation and the Industrial Expansion Act, when they saw how it was administered in practice. She was reinforced in her view by the advice of the Chairman of the Monopolies Commission that to depart from the existing practice and to specify the criteria for reference in detail would lead to undesirable rigidities of practice without allaying in advance the fears of industry.
There was one substantive change in the redrafted document. It now referred to the prior notification of price increases and pay settlements without specifying a period of notice; this contrasted with the earlier drafts and the White Paper on Prices and Incomes after 1969 (Cmnd. 4237), which referred to the continuation of the early warning system. The decision not to continue standstills on wage settlements implied that early warning of such settlements could not be provided for in its present form, since this would have to include "penal provisions" for unions which tried to coerce employers to implement a pay settlement during the early warning period. Prices could not be treated differently. A form of notification, however, would still be valuable and would provide some degree of statutory backing for the voluntary arrangements which production departments would seek to continue.

In discussion it was argued on the one hand that, while the present wide powers to investigate situations where a firm held a technical monopoly in a particular product should continue, the new power to enquire into the behaviour of large firms generally should be tightly limited to particular circumstances; and these should be specified in detail in the consultative document, whether or not they were so listed in the legislation. The references in paragraph 6 of the revised draft document to the retention of powers under the Monopolies Legislation should be strengthened and the word "normally" should be deleted from the first line of paragraph 13. There was no evidence that this would not cover all the circumstances in which it would be desirable to make a reference to the CIM. On the other hand it was argued that to draw such a distinction between the circumstances in which a technical monopoly and a major firm without a monopoly might be referred to the CIM would run counter to the policy which had already been agreed and was the basis of the whole of the draft document. The increased concentration of industrial power made it desirable to ensure that the public interest was adequately considered where the domination of so many industries by a small number of firms meant that it was increasingly difficult to rely on traditional competitive market forces alone; and a measure of accountability should be accepted by both public and private undertakings where these were to some degree protected from market forces. Such circumstances could arise where there was no technical monopoly in one particular product; and it was right therefore to adhere as closely as possible to the existing framework of the Monopolies legislation, while extending its application to cover all the largest firms. If the list of criteria for reference was set out in the document, it would not be possible to resist pressure to include it in the Bill, thereby complicating its
passage and introducing undesirable rigidities into its administration. It would be wrong to omit the word “normally” if it were the intention to cover the points set out in paragraph 6 of C (70) 12.

In further discussion the following points were made—

(a) Paragraph 6 of the draft document should be amended to make it clear that the scope of references to the CIM would cover all the various matters which had in the past been covered by, or been liable to be dealt with by, the two existing bodies, not only those with which they had in practice dealt.

(b) If it were now announced that the early warning system was to be replaced by a simple process of notification with no time limit, the food industries might not be prepared to renegotiate the voluntary early warning arrangements on the basis which had been anticipated. Moreover, if notification were no longer required 28 days before prices were increased, the opportunity for discussion which had frequently resulted in the withdrawal or reduction of proposed price increases would be lost. It would also be more difficult to deal with complaints about food prices and to maintain a watch on price trends. The change proposed was probably inevitable; but further consideration should be given to its implications.

(c) It might be desirable in the draft legislation to take power to require individual companies to publish financial information about the various sections of their undertakings. This would give effect to suggestions made by the Monopolies Commission in their General Observations on Mergers. It would be helpful if this additional proposal could be agreed by the time the consultative document was published.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the problem of defining the circumstances in which reference would be made to the CIM might best be dealt with by omitting the word “normally” from the first line of paragraph 13 of the draft document and amending sub-paragraph 13 (iii) to read “the use made of the dominating position held . . .”, on the understanding that in this context the concept of dominance included large firms as well as those with a technical monopoly. On this basis the phrase would cover the three additional criteria for reference to which the First Secretary had referred. The Cabinet also agreed that a notification procedure should replace the existing early warning system for wage and price increases, and that paragraph 36 should stand. But officials should give further consideration to the implications of the change. The document amended on the lines indicated and to meet the point at (a) above might now be issued on the basis proposed by the First Secretary of State in C (70) 7. Arrangements should be made to clear the proposal at (c) above by
direct discussion between the Ministers concerned, if possible before the proposed Press Conference which was now scheduled for 22nd January.

The Cabinet—

Invited the First Secretary of State:

(i) To arrange for the consultative document to be amended on the lines indicated by the Prime Minister in his summing up of their discussion.

(ii) To arrange for the consultative document to be issued as proposed in C (70) 7.

(iii) To arrange for the Ministers concerned to be further consulted about the proposal to take a new power to require publication of additional information following a report by the CIM.

(iv) To arrange, in consultation with the Minister of Agriculture, Fisheries and Food and other Ministers concerned, for further consideration to be given to the implications of the proposal to replace the early warning system by a provision for prior notification of price and wage increases.

CONFIDENTIAL

4. The Secretary of State for Local Government and Regional Planning said that since January 1968 the Greater London Council (GLC) had been preparing proposals for the protection of London against tidal flooding under the supervision of a broadly based committee, of which the Joint Parliamentary Secretary, Ministry of Housing (Lord Kennet) was Chairman. The GLC were publishing their report that day. It made it clear that the risk of serious tidal flooding in London and on Lower Thamesside was substantially greater than had previously been thought. The report therefore proposed that a movable barrier should be constructed across the Thames and that the banks of the river downstream should be raised. Further experimental work was needed, however, before the precise site of the barrier could be settled; nor had the Government had an opportunity to study the technical and financial implications of the report. In the circumstances the Ministers directly concerned had agreed the terms of a Parliamentary statement to be made during the afternoon. This made it clear that the Government agreed that London and Lower Thamesside must be defended against tidal floods and that the remaining studies should be completed as soon as
possible. It was not possible at this stage, however, to make a
definite commitment to undertake particular works to a particular
timescale.

The Cabinet—

(1) Took note of the statement by the Secretary of State for
Local Government and Regional Planning.

(2) Agreed that a Parliamentary statement on the lines proposed
should be made later that day.

_Cabinet Office, S.W.1,
20th January, 1970._
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 22nd January, 1970,
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

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 (Items 1-4)

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

The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Foreign and Commonwealth Affairs (Items 1-4)

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 PEAIR, 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. 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. HAROLD LEVER, M.P., Paymaster-General (Items 1-4)
The following were also present:
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government (Item 5)
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 1–4)

Secretariat:
SIR BURKE TREND
SIR ROBIN HOOPER
MR. J. CROCKER

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1. The Prime Minister drew the Cabinet’s attention to the various White Papers which were due to be issued in the weeks immediately ahead.

The White Paper on the Reform of Local Government in England, which the Cabinet were to consider in draft under a subsequent item on the agenda, was due to be published on 4th February.

The Green Paper on the National Health Service should be considered by the Social Services Committee in the following week; and all Departmental Ministers who were likely to wish to take part in the discussion should make arrangements to attend the meeting, whether they were members of the Committee or not. Thereafter the text would be circulated for formal approval by the Cabinet in whatever manner proved most appropriate; and the Green Paper would be published on the 11th February. It was important that it should appear not more than a week later than the White Paper on the Reform of Local Government and should be followed immediately by publication of the Bill to give effect to the Government’s decisions on the Report of the Committee on Local Authority Personal and Allied Services.

A draft White Paper on our candidature for membership of the European Economic Communities would be circulated to the Cabinet in the following week; and it was envisaged that, after discussion by the Cabinet during the week beginning 2nd February it would probably be published towards the middle of that month. It would be important to secure the confidential nature of this document in the period before its publication; and Ministers receiving copies should therefore regard them as for their personal use only.

The Defence White Paper was timed for publication on 19th February. It had been approved by the Defence and Oversea Policy Committee on the previous day and would be circulated to the Cabinet in the near future. Any outstanding points of substance or suggested improvements of drafting should then be disposed of by direct discussion between the Ministers concerned and the Secretary of State for Defence. The Cabinet would be invited to approve the text formally at the next convenient opportunity.

About the middle of February the Agricultural Policy Committee would need to consider this year’s Farm Price Review; and the issues involved would probably reach the Cabinet towards the end of the month, in time for publication of the Government’s decisions in the annual White Paper early in March.
In the light of this programme all Ministers would need to pay particular attention to the timing and phasing of the publication of the various documents in which they were concerned and to maintain close consultation with the Lord President of the Council, the Minister without Portfolio, the Parliamentary Secretary, Treasury and the Chief Information Adviser.

SECRET

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

SECRET

*3. The Cabinet considered the attitude which the Government should adopt towards a Private Member's Bill designed to prevent unauthorised intrusions into personal privacy, which was sponsored by Mr. Walden, M P, and Mr. Lyons, M P, and was due to receive its Second Reading on the following day.

The Home Secretary said that, in the light of the increasing public concern on this subject, he had discussed the issues involved with the Lord Chancellor and the Secretary of State for Scotland. They had agreed that these issues were political, rather than legal, in character and that it would be preferable that Parliament should prescribe the basic definition of personal privacy than that this should be left to be settled by the courts in a series of rulings on individual cases. For this reason he proposed that in the debate on the following day he should indicate that the Government intended to constitute a broadly based inquiry, under Mr. Kenneth Younger as chairman, “To consider whether legislation is needed to give further protection to the individual citizen and to commercial and industrial interests against intrusions into privacy by private persons or organisations, or by companies; and to make recommendations”. On the basis of this assurance of the Government’s intentions he would invite the sponsors of the Bill to withdraw it.

In discussion there was general agreement that some action by the Government in this field might well be required. But attention would undoubtedly be focused on the fact that the proposed terms of reference of the inquiry excluded those activities of the Government itself which might be regarded as intrusions into personal privacy; and it was therefore arguable whether the Government would be well advised to seek to deny further passage to the Bill on the basis of so restricted an inquiry or whether it would be preferable to leave the Bill to a free vote of the House and to arrange for it to be halted at the Committee stage. The argument was perhaps reinforced by the

* Previously recorded in a Confidential Annex.

SECRET
fact that it had been necessary to make special arrangements to secure the attendance of an adequate number of Government supporters, including Ministers, to ensure the Bill’s defeat on Second Reading on the following day; and this fact, which had become known and was resented by the promoters of the Bill, would be liable to expose the Government to some embarrassment, which could be avoided if the arrangements were cancelled and the Bill were allowed to take its normal course.

On the other hand the exclusion of the Government’s own activities from the terms of reference could be defended on several grounds. Certain of those activities concerned the security of the Realm; and as regards these it should suffice that they had been the subject of successive inquiries by Privy Counsellors, which had defined the necessary scope of a Government’s powers in this respect. In so far as public concern extended more widely and reflected a growing uneasiness about the extent to which detailed information about individuals, which was collected by Departments concerned with taxation, social security and so forth, might be put to improper use as a result of the increasing use of computers, data banks, etc., the House of Commons could be reminded that such information could be obtained by the Government only in accordance with strict statutory requirements and could be used only for the purposes authorised by the statutes in question. The Government observed these limitations scrupulously; and a clear assurance to this effect should do much to allay anxiety on this score. The issues involved were different from those with which the proposed inquiry would be concerned; and it would be contrary to the inquiry’s purpose to include them in its terms of reference.

The Prime Minister, summing up the discussion, said that the Cabinet agreed in principle that an inquiry into privacy, based on terms of reference as proposed, should be announced on the following day and that the Home Secretary should have discretion to decide, in the light of the debate, whether he should indicate that the Government were conscious that there were related areas of concern on which it might be desirable to consider the possibility of some form of action. On this basis it would be preferable to seek to prevent the further passage of the Private Member’s Bill; and, if it was not possible to talk the Bill out, the Home Secretary should be given whatever degree of Ministerial support was required to ensure its defeat. But the Parliamentary Secretary, Treasury, should have discretion to make the necessary arrangements in such a way as to entail the minimum embarrassment to the Government.

The Cabinet—

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

SECRET
4. *The Prime Minister* said that, in view of the renewed Press reports about distress and hunger in Nigeria, it would be desirable that a further Parliamentary statement should be made that afternoon in order to put the situation in perspective. In particular, the Press allegations, although sensationally presented, did not refute the more reassuring statements made by Lord Hunt and the Director-General of the Save the Children Fund, Sir Colin Thornley, after their recent visit to the reoccupied areas; and this should be made clear to Parliament.

The Cabinet—

Took note, with approval, of the Prime Minister's statement.

*The Foreign and Commonwealth Secretary* said that there had been some indications that the former rebel leader, Colonel Ojukwu, might seek refugee in the United Kingdom. If we admitted him, we should risk embarrassing our relations not only with the Federal Military Government (FMG) but also with certain other Commonwealth countries who would not understand why Colonel Ojukwu should be admitted to the United Kingdom while their own citizens were debarred from entry under the provisions of our immigration legislation. It would therefore be preferable to refuse admission to Colonel Ojukwu and to justify this action, if no other grounds for it could be found, by reference to considerations of national security, not least the risk to which British subjects in Nigeria might be exposed if we offended the FMG.

*The Home Secretary* said that, constitutionally, the decision in matters of this kind rested with him. He would certainly seek to avoid involving the Government in political embarrassment, so far as possible. But he was advised that he could not legally exclude Colonel Ojukwu on grounds of national security; and there were major difficulties in the way of refusing a Commonwealth citizen entry to the United Kingdom on other grounds (although the position might be different if Colonel Ojukwu were deprived of his Nigerian citizenship and thus became a stateless person). If Colonel Ojukwu in fact attempted to enter this country, he would be closely questioned by the immigration authorities about his intentions; and it might be possible to extract from him an assurance that, if he remained here for a time, he would abstain from any kind of political activity.

In discussion the following points were made—

(a) The Head of the FMG, General Gowon, had indicated privately that, if rebel resistance collapsed and Colonel Ojukwu thereafter made no attempt to continue his subversive activities, he
Local Government Reform
Draft White Paper
(Previous References: CC (69) 60th Conclusions, Minute 5 and CC (70) 1st Conclusions, Minute 7)

would be disposed to let him escape capture and punishment. But he might be less willing to do so if Colonel Ojukwu, instead of going to one of the many other countries which were open to him, came to the United Kingdom with the manifest intention of enlisting fresh support. If in these circumstances the FMG asked for his extradition, we should be faced with a difficult situation.

(b) Colonel Ojukwu, however, might not realise the full extent of our difficulties; and it would be wise to leave him in uncertainty about the action which we might take if he sought refuge here.

The Prime Minister, summing up the discussion, said that it was perhaps unlikely that Colonel Ojukwu would in fact seek to enter the United Kingdom. He might be deterred by the fear of extradition; by the fact that the circumstances of his departure from Nigeria were not to his credit; and by financial considerations—to which the Treasury should perhaps give some thought. The Foreign and Commonwealth Secretary and the Home Secretary should, however, continue to keep the possibility of his seeking asylum here under close review.

The Cabinet—

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

5. The Cabinet considered a Note by the Secretary of State for Local Government and Regional Planning (C (70) 13), to which was annexed a draft White Paper on the Reform of Local Government in England. They also had before them a memorandum by the Lord Privy Seal (C (70) 14) on the disqualification of local government employees for membership of their authorities.

The Secretary of State for Local Government and Regional Planning recalled that at their meeting on 11th December, 1969 the Cabinet had approved his proposals for the new structure of local government and at their meeting on 13th January, 1970, had taken decisions on a number of related issues. These decisions formed the basis of the draft White Paper, which had been examined in detail by the Ministerial Committee on Local Government Reorganisation and would be published on 4th February.

In discussion several textual amendments were agreed; and the following main points were made.
(a) It would be better to avoid any reference to 1974 in paragraphs 13 and 87, where the timetable of reorganisation was discussed. No reference to any particular year was necessary in the former context; and paragraph 87 should be confined to indicating that the new local authorities would be elected in 1973 and would assume their duties as soon thereafter as proved practicable and convenient.

(b) In paragraph 14 it would be better to suggest that future regional plans would be firmer rather than more detailed.

(c) Paragraph 29 announced the Government's decision not to place the new integrated health service under local control; but it gave no reasons for this decision. The reasons would in fact be given in the Green Paper on the structure of the health services; but this would not be published until some days afterwards. This position might be eased if the Secretary of State for Social Services arranged to answer a Written Question on the forthcoming Green Paper on the day on which the White Paper itself was published.

(d) There was strong feeling in the Labour Party that the present rule prohibiting local authority employees from serving on the local authority which employed them should be relaxed; and this feeling would be reinforced by the fact that reorganisation on the lines now proposed would substantially increase the numbers of those so debarred. On the other hand any new principle in this context which the White Paper prescribed for local government might have implications for the Civil Service. Civil servants could not stand for Parliament; and the extent to which they could participate in local government had been determined by the report in 1949 of the Committee on political activities of civil servants (the Masterman Committee). It would be undesirable that, in relation to local authority employees, the White Paper should depart so markedly from the principle involved as to generate pressure for relaxation of the rules in relation to civil servants. The second alternative paragraph 77 was therefore to be preferred; but its third sentence might be redrafted on the lines suggested by the Lord Privy Seal in C (70) 14 and the word “major” should be omitted from the last sentence. The revised wording should be settled by the Secretary of State for Local Government and Regional Planning in consultation with the Lord Privy Seal.

(e) Paragraph 91 contemplated early discussions with local authority interests on the boundaries of the proposed new authorities. But these could provoke unnecessary political controversy unless they were correctly timed; and it might be better to defer the start of consultations on this matter until discussions on other issues were well advanced. The opening words of paragraph 91 should be redrafted in this sense.
The Prime Minister, summing up the discussion, said that the Cabinet approved the draft White Paper, subject to the points made in discussion, and authorised the Secretary of State for Local Government and Regional Planning to make further drafting amendments at his discretion. Members of the Cabinet who had amendments to suggest should send them to the Secretary of State as soon as possible. The Cabinet agreed that the White Paper should be published on 4th February. There would probably be a demand for a Parliamentary debate on its proposals; and the subsequent Green Paper on the health services might also be the occasion for a debate. The Lord President should consider, in consultation with the Secretary of State for Social Services, the Home Secretary and the Parliamentary Secretary, Treasury, how much time should be allowed for this purpose: and whether it would be more appropriate to arrange separate debates or a joint debate, which might also cover the Government’s proposals to integrate the personal social services.

The Cabinet—

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

(2) Approved the draft White Paper annexed to C (70) 13, subject to the points made in discussion and to any further drafting amendments.

(3) Invited the Lord President to consider, in consultation with the Ministers concerned, the form of Parliamentary debates on the White Paper and the forthcoming Green Paper on the health services.

Cabinet Office, S.W.1.

22nd January, 1970.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1., on Tuesday, 3rd February, 1970,
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 HEALY, M.P., Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M.P., Secretary of State for Local
Government and Regional Planning (Items 1 and 2)
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
(Items 1 and 2)
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. JOHN STONEHOUSE, M.P.,
Minister of Posts and Telecommunications (Item 3)
The Right Hon. ROBERT MELLISH, M.P.,
Parliamentary Secretary, Treasury (Items 1 and 2)
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Secretariat:
SIR BURKE TREND
SIR WILLIAM NIELD
MR. R. R. D. McINTOSH
MR. P. E. THORNTON

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The Cabinet had before them a memorandum by the Secretary of State for Social Services on the reorganisation of the National Health Service and a printer’s proof of a Green Paper on the same subject (C(70) 18).

The Secretary of State for Social Services said that following the discussion in Cabinet on 20th January the Ministerial Committee on Social Services had considered a draft Green Paper at a meeting which all interested Departmental Ministers were invited to attend. The draft proof incorporated all the changes which the Committee had agreed and took account of other points which had been raised in correspondence. It would not be possible to estimate the net increase in manpower which would be involved until the consultations on the Green Paper had been completed.

The Cabinet—
Approved the draft Green Paper attached to C (70) 18.

The Cabinet considered a note by the Secretary of the Cabinet to which was attached the draft of a White Paper on the United Kingdom application for membership of the European Economic Communities (C(70) 17).

The Prime Minister said that the draft had been prepared by the Departments most closely concerned—the Treasury, the Foreign and Commonwealth Office, the Ministry of Technology, the Ministry of Agriculture, Fisheries and Food and the Board of Trade—and he himself had been kept informed at various stages in its preparation. The substance of the White Paper was summarised in Chapter V. Estimates had been made on the widest possible range of assumptions about the effects of joining an enlarged Community. It was not possible to make any estimate of the effect of membership on United Kingdom capital movements or invisible trade, though he believed that membership would lead to an inflow of capital as well as an improvement in invisible earnings. It had not proved possible to quantify the beneficial effects of entry—the dynamic effects—on our balance of payments or rate of economic growth. Thus the estimates inevitably presented a distorted picture since the size of the adverse effects only had been found capable of estimation. The addition of

* Previously recorded in a Confidential Annex.
these quantifiable and adverse effects on agriculture and visible trade produced a theoretical range of cost to the balance of payments of between £100 million and £1,100 million annually. But neither the top nor the bottom of this range represented a realistic estimate of the overall cost to our balance of payments of the adverse effects of membership. He thought it might be reasonable to assume that this eventual cost might at the end of a transitional period be of the order of £700 million a year. This compared with a similar estimate of £500 million a year which had been indicated to Parliament in 1967. The increase since 1967 was partly due to sterling devaluation and partly to the escalation of the cost of the Community’s common agricultural policy. It was however reasonable to expect now that we could obtain a longer transitional period than could reasonably have been expected in 1967, taking account in particular of the fact that the Six had recently agreed for themselves a transitional period to 1977 for the full implementation of their new arrangements for financing Community expenditure. It was only necessary to assume a very small increase in the annual rate of growth of gross domestic product (gdp) as a result of entry into an enlarged Community in order to provide the additional resources required to meet the cost of membership over a long transitional period. The draft White Paper was not, of course, intended as a statement of policy—the policy decision to apply for membership had long since been made—but a statement of facts and of the best assessment which the Government could provide of the economic consequences of membership. He proposed that the White Paper should be presented to Parliament and debated on a motion to take note of it. The White Paper deliberately avoided setting out the political and other arguments for and against membership. The introduction of such arguments would undermine the objective—even pessimistic—assessment contained in the draft. He proposed to make a statement in the House on the day the White Paper was published and he would shortly circulate a draft of his statement for consideration.

In discussion the contents and structure of the White Paper were generally approved except for the concluding paragraphs 107 and 108. The key to the cost of membership would be the outcome of the negotiations on agriculture and whether or not we could afford this cost depended upon the effect of membership on the United Kingdom growth rate. In this connection the table on page 30 of the draft was rather discouraging: the United Kingdom growth rate had been low for many years not only in relation to existing member States of the EEC but also to other countries in Western Europe which were not members. It could well be the case that we should not be able in the end to afford the cost which was demanded. It was important therefore not to over-emphasise the political and other advantages of membership. The position which the Government
took in the Debate in the House on the White Paper needed careful consideration. Nevertheless the situation was more favourable now than in 1967. The EEC had now unanimously agreed that United Kingdom membership of the Communities was desirable; and our economic, and thus our bargaining, position was much stronger now than in 1967. It must be made clear in the Debate on the White Paper that the Government was certainly not prepared to join on terms which involved a cost of anything like the maximum estimates in the White Paper. The White Paper, by demonstrating that we could not afford to join on any terms offered, might help us in negotiations but on the other hand, the upper figures of the estimates of cost would be taken by many in this country as an indication that we simply could not afford to join the EEC in any circumstances. The range of £100 million to £1,100 million given in paragraph 101 had been obtained by adding together the maxima and minima of different sets of ranges each based on different assumptions. It was not, in practice, possible for all the maxima (or minima) to be operative simultaneously. The White Paper dealt very cursorily with the consequences of membership for regional development and the development areas themselves and it would therefore be important for the Government to emphasise in the Debate on the White Paper that it would pay the closest attention to the interests of regional development in negotiations.

In further discussion it was agreed that the following changes should be made to the draft White Paper:

(a) Paragraph 11: six lines from the bottom of the paragraph substitute “the Seventies” for “this decade”.

(b) Paragraph 28: last two lines. It should be made clear here as elsewhere that the increases in the price of food and the cost-of-living index would be spread over a number of years.

(c) Paragraph 30: line 1, insert “food” between “retail” and “prices”.

(d) Paragraph 33: amend the final sentence to make clear that while the net income of the farming community as a whole would be higher, the incomes of some farmers would go up and others down.

(e) Paragraph 55: delete the second sentence and amend the third sentence on the following lines:

“It is not possible however to make any quantitative assessment of the effect in the United Kingdom, not least because the EEC have not settled on a common system of rates and coverage of value added tax and this therefore is a matter which can only be clarified in the course of negotiations”.

(f) Paragraph 65: line 2, insert “now” after “more workers”.

SECRET
Paragraph 75: amend the third sentence from the end of the paragraph to read “within an enlarged Community, the position with regard to monopolies would be different”. Delete the last sentence of the paragraph.

Paragraph 96: penultimate line: substitute “be spread” for “take place progressively”.

Paragraph 98: last sentence; substitute “there is very little information” for “there are very little data”.

Paragraph 101: the existing draft placed too much opening emphasis on the range of £100 million to £1,100 million and only subsequently explained that it was quite unrealistic to take these extremes. The opening sentences of the paragraph should be redrafted to make clear from the start that the extremes were unrealistic, and why.

Paragraph 102: line 2: substitute “include” for “involve”. The final sentence of this paragraph relating to the unquantifiable dynamic effects should be expanded, if possible by reference to the recent appraisal published by the Confederation of British Industry entitled: “Britain in Europe: A Second Industrial Appraisal”.

Paragraph 103: line 19: substitute “£39,000” for “£35,000”.

Paragraph 104: line 8: delete “All”. Line 9: substitute “weight” for “consensus”.

Paragraph 105: line 2: substitute: “the Government’s decision to apply” for “question”. Line 4: substitute “It was recognised too” for “Parliament accepted then”. Line 6: substitute: “could be” for “were”. Line 8: substitute: “negotiate for” for “seek.”

Paragraph 107: this should be redrafted to make the points that the White Paper was concerned with assessing the economic consequences of changes in Community policy since 1967. But substantial changes had also taken place elsewhere. For example, Britain’s economic position had been greatly strengthened; the Six had now declared unanimously in favour of United Kingdom entry; and the case for closer political unity of the United Kingdom and the countries of Western Europe was stronger now than before.

Paragraph 108: line 1: insert “necessarily” after “not”. Line 3: substitute: “another” for “this”. Line 7: substitute: “separately” for “alone”. Replace last sentence by the following: “This White Paper demonstrates the need for negotiations to achieve terms on which this opportunity can be seized.”

The Prime Minister, summing up the discussion, emphasised the importance of maintaining security, not only on the contents of the White Paper, but also on their discussion of it. Subject to a number of amendments which had been agreed in discussion and further
consideration at their next meeting of redrafts of paragraphs 107 and 108 revised on the lines indicated in discussion. The Cabinet approved publication of the White Paper under the title “Britain and the European Communities—An Economic Assessment”. There was, however, an important meeting of the Council of Ministers of the EEC on 5th–6th February and the outcome of this meeting might necessitate some amendments to the text: if so, he would arrange for this in consultation with the other Ministers directly concerned. He would circulate, for early consideration by the Cabinet, a draft of the statement which he proposed to make to the House of Commons on the day of publication of the White Paper. It would be much preferable if at all possible, that Ministers should not publicly discuss the contents of the White Paper—whether with the Press, on television or radio—after publication and before the debate in Parliament. He would arrange to see Mr. C. J. Curran, Director General of the BBC, and Sir Robert Fraser, Director General of the Independent Television Authority, and explain to them that the Government did not consider it appropriate for this important issue to be made the subject of a confrontation on television between the advocates and opponents of United Kingdom membership of the EEC; and further that it would be difficult for Ministers to take part in any public debate on the White Paper in advance of the Parliamentary debate. He would report the outcome of these discussions and the Cabinet would then be able to take a final decision on whether it would prove necessary for Ministers to be involved in public discussion of the White Paper in advance of the debate in Parliament.

The Cabinet—

Took note, with approval, of the Prime Minister’s summing up of their discussion.
be no reference to the National Board for Prices and Incomes (NBPI) either on the proposed increases in pay or on the prospects for absorbing the extra costs without increasing tariffs. The Committee had also considered the Post Office’s financial objective and tariff changes in the telecommunications sector. When reviewing the nationalised industries’ investment programme in July, 1969 the Cabinet had agreed that there was a strong case for raising the Post Office’s financial objective for telecommunications from 8\(\frac{3}{4}\) to 9\(\frac{1}{4}\) or 10 per cent. The Prices and Incomes Committee now considered that it should be raised to 10 per cent in October, 1970. This would entail an increase in telecommunications charges of about £50 million a year which it would be important to announce, after consultation with the Post Office Users’ National Council, before the Budget. He invited the Cabinet to endorse the conclusions reached by the majority of the Prices and Incomes Committee on these matters. There was a separate problem relating to postal charges on which he hoped to be able to report to the Cabinet shortly, following its examination by the Prices and Incomes Committee.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that the Post Office should be authorised to make the proposed offer to their non-engineering workers, as agreed by the Prices and Incomes Committee. They wanted more time to consider whether any reference should be made to the National Board for Prices and Incomes in respect of the proposed increases in pay or their implications for tariffs. They also wished to consider further the general question of the Post Office’s financial objectives, with particular reference to the possibility of introducing some cross-subsidisation of the postal services by the rapidly growing telecommunications sector; and also the timing and justification for prospective increases in tariffs in both sectors. The Minister of Posts and Telecommunications should circulate a memorandum on these matters for consideration at an early meeting.

The Cabinet—

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

(2) Invited the Minister of Posts and Telecommunications, in consultation with the Chancellor of the Exchequer and the First Secretary of State, to circulate a memorandum on the lines indicated in the Prime Minister’s summing up.

Cabinet Office, S.W.1,
3rd February, 1970.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 5th February, 1970,
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 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 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
The Right Hon. George Thomas, M.P., Secretary of State for Wales
The Right Hon. Harold Lever, M.P., Paymaster General

Also present:
The Right Hon. Robert Mellish, M.P., Parliamentary Secretary, Treasury
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Secretariat:
Sir Burke Trend
Sir William Nield
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. E. Thornton

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1. The Cabinet considered notes by the Secretary of the Cabinet covering a draft White Paper on United Kingdom application for membership of the European Economic Community (C (70) 17) and revisions of paragraphs 101 to 103 and 107 and 108 of that draft (C (70) 19).

In discussion the following amendments were agreed:

(a) Paragraph 55. To read as follows:

"It has also been argued that the requirements to harmonise the systems of indirect taxation of the member states would affect the cost of living here. It is not possible however to make any quantitative assessment of the effect in the United Kingdom, not least because the EEC have not settled on a common system of rates and coverage of value added tax."

(b) Paragraph 101 as revised in C (70) 19.

Line 10. Substitute "the cost—ignoring the dynamic benefits—is likely to lie" for "any resulting overall estimate must therefore lie".

Line 11. Substitute "the" for "this" at the end of the line.

(c) Paragraph 102 as revised in C (70) 19.

Line 7. Substitute "expected" for "anticipated".

Line 13. Delete "are likely in the short term to mitigate, and" and substitute "should".

Line 14. Delete "to" and the comma after "exceed".

(d) Paragraph 107 as revised in C (70) 19.

Penultimate line. End the paragraph at "Communities" and delete the half-sentence beginning "the course of events . . .".

(e) Paragraph 108 as revised in C (70) 19.

Begin the paragraph with a new sentence:

"This White Paper demonstrates the need for negotiations to determine the conditions on which the opportunity for entry could be seized."

Line 1. Insert "these" before "negotiations" and delete "for entry".

Delete the final sentence of the paragraph.

In further discussion it was the general view that the White Paper should be presented to Parliament by the Prime Minister alone, since it would be difficult to set a limit to the number of Ministers who might suitably be associated with him in the
The form of the statement to be made by the Prime Minister to the House of Commons about the White Paper was also discussed.

The Prime Minister, summing up the discussion, said that the Cabinet approved the draft White Paper as amended. In the light of views expressed he would present it to Parliament. He would arrange for its publication on Tuesday, 10th February. As agreed at their previous meeting he had discussed the presentation of the White Paper on television with the Director-General of the BBC, who had agreed that it should be factual and educational and aim to avoid political controversy. If the Director-General of the Independent Television Authority, whom he had not yet been able to see, was of the same mind, he hoped that it would be possible to avoid the need for Ministers to take part in the presentation of the White Paper. He would take account of the points made in the discussion of the form and content of his statement to the House and would circulate a text which should, if at all possible, be cleared without a further meeting. The general view at present seemed in favour of a debate in the House of Commons on 25th–26th February on a Motion to take note of the White Paper.

The Cabinet—

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

(2) Approved the publication of the White Paper as amended in their discussion on that day and on 3rd February.

(3) Took note that the Prime Minister would
   (a) arrange for publication of the White Paper on Tuesday, 10th February;
   (b) circulate to the Cabinet the text of his proposed statement on 10th February to the House of Commons.

CONFIDENTIAL

2. The Cabinet were informed that His Royal Highness the Prince of Wales would take his seat in the House of Lords on 11th February.

The Cabinet were informed of the business to be taken in the House of Commons in the following week. They noted that a Private Member's Bill to amend the law on abortion was likely to be debated on 13th February. It would be most unfortunate if this Bill were enacted. The Abortion Act, 1967 had been in force for less than two years and it was important, in the interests of the
efficient administration of the National Health Service, that it should be left unchanged for a reasonable period. It was agreed that a Government spokesman should make this clear in the debate; but it was recognised that, bearing in mind the deep convictions which were held on the subject of abortion, it should be left to Parliament to decide on a free vote whether to give the Bill a Second Reading.

The Cabinet noted that Parliament would be informed later in the day that the Chancellor proposed to introduce his Budget on Tuesday, 14th April.

It was agreed that in view of the widespread public support for its objectives, Government time should be provided for a debate in the House of Commons on the Second Reading of the Deer Hunting and Hare Coursing Bill. It was the general view, however, that similar facilities should not be provided for the Sunday Entertainments Bill which, though generally popular, especially among young people, aroused intense opposition from certain sections of the community, notably in Wales.

The Cabinet were informed that the shortage of current business in the House of Lords, for which delays in giving instructions to Parliamentary draftsmen appeared to be mainly responsible, was giving rise to serious concern.

The Cabinet—

Invited the Lord President of the Council to circulate a memorandum, for their consideration at an early meeting, on the progress of the current legislative programme.

3. The Foreign and Commonwealth Secretary said that the visit of the French Minister for Foreign Affairs, M. Schumann, on 22nd–23rd January, had been rewarding. The atmosphere in which it had taken place was significant of the improvement in Anglo-French relations over the past year. In regard to European co-operation, M. Schumann had appeared confident that the European Economic Community would achieve their target date of 1st July, 1970, for the completion of their discussions on the admission of the United Kingdom to the Community; and that France would return to playing a full part in the Western European Union (WEU). On the Middle East, there had been discussion of the French proposal that the Four Powers (United Kingdom, United States, France and the Soviet Union) should put forward a list of
the points on which they had so far reached agreement as a basis for a renewed intervention by the Special Representative of the United Nations Secretary-General, Dr. Jarring. The difficulty from our point of view was that such a list would favour Soviet rather than United States views; and we did not wish to give the impression that we were attempting to erode the United States position, which already represented considerable concessions as compared with their earlier attitude. On Nigeria, both parties had agreed that the rebellion had underlined the necessity for more consultation between European Powers on African affairs; and the need for this might be an incentive to France to renew her participation in the WEU.

The Foreign and Commonwealth Secretary said that the Prime Minister of Lesotho, Chief Jonathan, had called off the elections and suspended the Constitution, ostensibly because the Opposition had allegedly threatened his life, but more probably because he feared the result of the elections would go against him. Chief Jonathan had been more forthcoming than his opponents about co-operating with progressive opinion in South Africa. While this might colour the attitude of the South Africans, it did not appear to have been a major issue in the election, in which his opponents had exploited the general lack of progress since independence. Chief Jonathan appeared to remain in control of the country: but his position had been weakened by the fact that he had retained power by means of what was in effect a coup d’etat. The question of recognition faced us with difficult problems. Although Chief Jonathan’s Administration was in effective control, thus satisfying at least one of the accepted criteria for recognition, we should—if we recognised it—be criticised for supporting an unconstitutional Government. If we failed to recognise Chief Jonathan’s Administration, we might be accused of partiality in favour of the Opposition and of stirring up sedition. Efforts were being made to induce the President of Botswana, Sir Seretse Khama, to persuade Chief Jonathan to invite the Commonwealth Secretary-General, Mr. Arnold Smith, to visit Lesotho and mediate between Chief Jonathan and his opponents. The outcome of this was not yet known.

The Foreign and Commonwealth Secretary said that the South African Ambassador had called on him to present an aide-mémoire complaining of our refusal to supply the South African Government with Wasp helicopters. The aide-mémoire alleged that this was inconsistent with the agreements reached in 1965. The aide-mémoire, taking up a statement made by a South African Government spokesman, also cast doubt on British support for the Simonstown Agreement. The Foreign and Commonwealth Secretary had told the South African Ambassador that he could not accept the allegations in regard to Simonstown. In regard to the Wasp helicopters the Ambassador would receive a considered reply later.
The Foreign and Commonwealth Secretary said that his colleagues would be aware that the Soviet Prime Minister, Mr. Kosygin, had addressed messages to the President of the United States, Mr. Nixon, the French Prime Minister, M. Pompidou, and to the Prime Minister in similar terms expressing concern at the recent breaches of the cease-fire between Israel and the Arab States; blaming the United States—and to a lesser extent the United Kingdom—for failing to urge restraint on Israel; and implying that if Israel continued in her present courses, the Soviet Union might be obliged to supply the Arab States with the means of retaliation. In his reply, the President had rejected the suggestion that the blame for breaches of the cease-fire lay all on one side and that the United States had encouraged Israel to violate the cease-fire; he had also expressed regret at the implied threat that the Soviet Union would increase arms supplies to the Arabs and had reaffirmed the United States’ willingness to discuss the limitation of arms supplies to the Middle East. At the same time, President Nixon had made it clear that the United States would not hesitate to supply arms to friendly States should the need arise. On receiving Mr. Kosygin’s message, we had made the following points, orally, to the Soviet Ambassador. We deplored the breaches of the cease-fire, for which the blame did not attach exclusively to one country. The threats of all-out war uttered by President Nasser of the United Arab Republic were unlikely to encourage Israel to adopt a policy of restraint; and further supplies of arms to the Middle East were likely to precipitate the kind of situation which we and the Soviet Union were concerned to avoid. The Prime Minister’s written reply, which would be despatched that day, would in general take a similar line to that adopted by President Nixon. It would also emphasise that the British Government had always supported a general limitation on supplies of arms to the Middle East; and enquire whether the Soviet Government would be prepared to co-operate with us to that end.

The Prime Minister said that in his discussions with President Nixon in Washington it had become clear that, although the United States Administration wished, if this were possible, to make a success of the Four Power talks, they considered that so far all the concessions had come from them. They were therefore unlikely to move from the position they had taken up; and President Nixon’s statement that the United States Government were ready to supply arms to friendly nations if the situation demanded was evidence of the firmness of their intentions. For the reasons mentioned earlier by the Foreign and Commonwealth Secretary, the United States were unenthusiastic about the French proposal for guidance to Dr. Jarring based on those points on which the Four Powers were
already agreed. He had discussed with President Nixon, on the lines agreed with his colleagues before the visit, whether, by proposing new language for the proposed guidance to Dr. Jarring or in any other way, we could improve the chances of successful negotiation on the basis of the United States plan. It had been clear that, while the United States would not necessarily object to a reformulation of the guidance to Dr. Jarring, they would oppose any further concessions to the Arabs.

*The Prime Minister* said that the visit had been a successful one. It had received an excellent Press in both Britain and the United States; and the general atmosphere had been greatly helped by the increase in confidence in Britain's economic and financial prospects which he had been able to allude to in his speech in New York to the Foundation on Automation and Employment. The United States Administration clearly set considerable store by the advice and information which British Ministers and British diplomatic representatives abroad could give them; and the invitation which he and the Foreign and Commonwealth Secretary had received to attend a meeting of the National Security Council in Washington was evidence of this.

Turning to specific points (other than the Middle East) which had been discussed during the visit, the Prime Minister said that he had been impressed and reassured by President Nixon's evident determination to persist in his policy of Vietnamisation, leading up to ultimate United States withdrawal. So far as economic affairs were concerned, he had thought it better to refrain from any detailed public comment which might have been misinterpreted. However, the United States Administration were clearly determined to prevent a recession and were relying on reductions in public expenditure rather than monetary policy in order to moderate the inflationary tendencies in the United States economy.

*The Foreign and Commonwealth Secretary* said that he had discussed European security with the United States Secretary of State, Mr. Rogers. In general, the United States were more cautious in their approach than we were, possibly because they were not under the same pressure from public opinion. They had, however, agreed that it would be wrong to allow the Soviet Government to gain the propaganda advantages which might derive from proposing a European Security Conference; and had appreciated the importance of ensuring that such a conference, if held, addressed itself to matters of substance and was not allowed to become a propaganda platform for the Soviet bloc. They also expressed interest in the Foreign and Commonwealth Secretary's idea of a Standing Commission on European Security. In the course of discussion, the United States Secretary of State had referred to the difficulties the United States
were experiencing over their agreements with Spain on the use of bases in that country. Mr. Rogers had suggested that there might be advantage in trying to put these arrangements on a North Atlantic Treaty Organisation basis. The Foreign and Commonwealth Secretary had warned him that this could give rise to serious difficulties for us and probably other European countries.

In a brief discussion, there was general agreement that the Prime Minister and the Foreign and Commonwealth Secretary were to be congratulated on a highly successful visit.

The Cabinet—

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

_Cabinet Office, S.W.1,
5th February, 1970._
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 12th February, 1970, 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 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 PEARCE, 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. ROBERT LEVER, M P, Paymaster General

The following were also present:
The Right Hon. JOHN STONEHOUSE, M P, Minister of Posts and Telecommunications (Item 4)
The Right Hon. ROBERT MELLISH, 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 Cabinet considered a memorandum by the Lord President of the Council on the legislative programme 1969–70 (C (70) 22).

The Lord President said that he had drawn attention earlier in the Session to the fact that instructions for main programme Bills were not being given soon enough and that the best use was not being made of drafting resources. Because Bills had been coming forward slowly both Houses of Parliament had been short of legislative business. But there had been some improvement recently; and there was a good prospect that the problems mentioned when the Cabinet last discussed the matter would shortly be resolved. Progress on some Bills in Standing Committee had been very slow; but here, too, some improvement could be expected. There was a reasonable chance that all the Bills in the main programme could be passed by the Summer Recess except for those which were both long and late in coming forward. The Industrial Relations Bill came into this category; and so would the Civil Aviation Bill, unless it could be shortened.

In discussion the Cabinet were informed that it was hoped to publish the Bill to establish the Commission on Industry and Manpower before the end of the month and to arrange for it to receive its Second Reading early in March. It should be possible to introduce the Industrial Relations Bill before Easter and to arrange the Second Reading debate shortly after the Recess. A short Bill on Civil Aviation could be ready in March.

The Prime Minister, summing up the discussion, said that at this point in the Parliamentary year Departments were normally invited to submit initial bids for places in the legislative programme for the following Session. At this stage this request must necessarily be based on the assumption that the new Session would begin in the autumn and would run its full length. The situation was complicated on this occasion by the fact that the present Parliament was bound to end by the spring of 1971. For this reason the Cabinet had approved in November a list of Supplementary Bills against the possibility that the 1969–70 Session might be prolonged or a short 1970–71 Session introduced. It would be helpful if the
Lord President of the Council would circulate a memorandum, for consideration at an early meeting of the Cabinet, on the organisation of the legislative programme for the next Session and the information which Departments should be asked to supply at this stage. Further consideration might also be given in due course to the problem of recruiting additional Parliamentary draftsmen.

The Cabinet—

(1) Took note of C (70) 22.

(2) Invited the Lord President of the Council to circulate a memorandum on the organisation of the legislative programme for the next Session.

The Cabinet—

(1) Took note of C (70) 22.

(2) Invited the Lord President of the Council to circulate a memorandum on the organisation of the legislative programme for the next Session.

3. The Cabinet considered a memorandum by the Defence Secretary covering a draft of the Statement on Defence Estimates 1970 (C (70) 16) in the form in which it had been approved by the Defence and Oversea Policy Committee.

In a brief discussion, it was noted that certain amendments had been agreed in correspondence between the Defence Secretary and the Ministers concerned; and the Ministerial Committee on Prices and Incomes had endorsed a form of words on Service pay which would be applicable in principle, regardless of the Cabinet’s subsequent discussion on this subject. The draft as consequently amended was now acceptable to all Departments concerned.

The Cabinet—

Agreed that the Statement on Defence Estimates, amended as reported in discussion, should be published on 19th February.

4. The Cabinet considered memoranda by the Chancellor of the Exchequer (C (70) 25) and the Secretary of State for Defence (C (70) 26) about Service pay; by the Secretary of State for Education (C (70) 23) about the pay of school-teachers in England and Wales; and a note by the Secretary of the Cabinet (C (70) 29) to which was attached a memorandum by the Secretary of State for Social Services about nurses’ pay.
The Chancellor of the Exchequer said that the Ministerial Committee on Prices and Incomes (PI) had met on the previous day to consider a number of pay claims in the public sector which raised important issues in themselves and for the economy as a whole. The Committee had not taken any decisions. First, the Committee had agreed to the recommendations of the National Board for Prices and Incomes (NBPI) on Service pay; but there was disagreement about the phasing of their implementation. In total these recommendations involved an increase of 25 per cent in the present cost of Service pay. The Defence Secretary proposed that 20 per cent should be given with effect from 1st April, 1970, and the remaining 5 per cent a year later. The First Secretary of State, on the other hand, had proposed that a 16 per cent increase should take effect from 1st April, 1970, and that 9 per cent should be postponed until the following April. Secondly, the Social Services Secretary had been authorised by the Committee at the end of the previous year to offer an increase of 24.5 per cent in nurses' pay in a two-year settlement involving the payment of 16.2 per cent on 1st April, 1970, and the remaining 8.3 per cent on 1st April, 1971. He had reported, however, that he was unable to reach a settlement on this basis and had proposed that he should be authorised to improve the offer on the lines set out in the memorandum attached to C (70) 29. Third, the Secretary of State for Education and Science had suggested that the teachers in England and Wales should be offered a full pay settlement, involving a general restructuring of teachers' pay and increases overall of perhaps 15 per cent, from October of the current year—a year in which in the normal course of events the teachers would be offered no increase at all. Fourth, an offer of a 10 per cent increase to Post Office employees had been rejected; the Post Office Board now wished to make an improved offer and the Minister of Posts and Telecommunications had supported this request and had advised that a general Post Office strike was likely if the further increase were not authorised. The Lord Privy Seal had pointed out that a settlement in the Post Office above the level of the present offer, particularly if it included Post Office clerks, would have considerable repercussions on pay in the Civil Service and local authorities. Meanwhile, in the private sector it was understood that employers might be prepared to settle with the seamen for an increase of 20 per cent; and there were other very large pay increases under negotiation, for example, in the Ford Motor Company. He recognised that the cases for the public sector increases were strong; but, if settlements on this scale were made, proper management of the economy would become impossible. The consequences of allowing settlements in the public and private sector at or around 20 per cent—which was the rate of increase
involved in the cases under consideration—would be most serious. First, our competitive position in world markets would soon be eroded if claims on this scale were accepted and our present healthy balance of payments position would rapidly deteriorate. Second, the consequential price increases would be very substantial. The forecast rate of price increases in 1970 had recently been adjusted upward from 2% per cent to 4 per cent but would clearly rise much higher on the basis of pay settlements involving increases at the rate of 20 per cent. It would be essential to allow prices to rise to the full extent of the cost increases resulting from higher wages in order to manage domestic demand. Any attempt to restrain price rises would lead to a much faster increase in personal consumption than could be afforded, at the expense of the balance of payments and of investment. These excessive wage settlements would also aggravate the Budgetary problem and could well lead to an increase in consumer spending, especially if public fears of an inflation of prices encouraged the recrudescence of the movement out of money into goods which had been experienced for a short period in 1968. He must accordingly warn the Cabinet that, if they accepted all the proposals now put before them by the Departmental Ministers concerned, there was a serious risk that further disinflationary measures might subsequently be required. In his view the Government should stand firm, in all the cases now before them, on their present wage offers and make it plain that they would offer no more. As far as Service pay was concerned he recommended that a 16 per cent increase should be given on 1st April next and the remaining 9 per cent proposed by the NBPI in the following April.

In discussion it was argued that, while the current level of wage settlements gave cause for serious anxiety, the country’s economic problems should not be solved at the expense of public servants especially those whose pay was low in relation to rewards in the private sector. The pay settlements now under consideration for the Services, the nurses and the teachers would not involve a direct increase in industrial costs nor, therefore, affect our competitive position. The Civil Service had noted that employees elsewhere were being paid for so-called productivity bargains which, in effect, often amounted to no more than an undertaking to co-operate with the management, whereas the Civil Service Staff Side had co-operated for many years past and had achieved increases in productivity without special payments of this sort. The Government should not take up an inflexible stand in relation to these public sector claims, unless they were equally prepared to use their powers, albeit now attenuated, in the private sector. Incomes policy was in disarray because the Government had not been ready, when they had the necessary powers, to stand firm against damaging settlements. The
present situation should be met by a flexible response on the part of the Government with the objective of obtaining individual settlements involving the minimum damage to both incomes policy and to the economy.

On the other hand it was argued that the excessive pay demands were now coming mainly from the public sector. The latter had not fared as badly as had been suggested over recent years. Since the beginning of 1966 the average annual increase in the weekly wage rate and earnings indices had been 5·2 and 6·3 per cent respectively. If in the negotiations under consideration settlements were made at the levels already authorised by the Government, the average annual increase in pay over the same period for nurses (6·1 per cent), postmen (5·2 per cent), the Services (7·2 per cent), teachers (4·3 per cent) would be comparable with the general indices. While the difference between the offers already authorised by the Government and the increases now requested were not very large, they would be significant in relation to public expenditure and in relation to the coming Budget. Moreover, there would be serious consequences if the public reached the conclusion that the Government were not prepared to resist wage demands however extravagant. The Government should take more positive action in publicising the dangers of excessive wage settlements for all sections of the community.

The Cabinet then turned to examine the claims individually. The following main points were made.

The Defence Secretary said that with Cabinet authority he had given an undertaking that the new proposals for Service pay, based on the Prices and Incomes Board's recommendation that a military salary should be introduced, would be brought into force this year. He had also stated that the new arrangements would result in substantial pay increases, as compared with what would have been awarded under the Grigg formula. Any proposal to "stage" the increases to a more substantial extent than this paper envisaged would be widely regarded in the Services as a departure from the Government's earlier undertaking. The Board's proposals could fairly be presented as a 15 per cent pay increase accompanied by changes which would remove the long-standing and costly anomaly in Service pay structure whereby single men were paid less than the rate for the job. He was prepared for the anomaly to be remedied in two stages, on 1st April, 1970, and 1st April, 1971; but any further deferment of this process or any delay in implementing the remainder of the proposals in the Board's report would create serious injustices between individuals. The Board's proposed
restructuring of Service pay arrangements, which had been widely welcomed by Ministers, had to be regarded as a whole. An attempt to modify the proposals in order to reduce the cost of the first stage would introduce serious problems and would generate widespread and justified grievances. It would be indefensible to penalise the Services, whose pay arrangements had undergone the full rigour of a scrutiny by the Board, ostensibly in order to bring them into line with limits on pay rises now being laid down for pay settlements elsewhere in the public sector, if, as was only too likely, it subsequently proved expedient to increase those limits in face of the threat of industrial action, thus destroying the income criterion to which the pay of the Services had in theory been aligned. The Chiefs of Staff were very concerned about the likely effect on morale of any failure to give effect to recommendations which had emerged from machinery which the Government had itself devised; and they had exercised their rarely-used right of direct access to the Prime Minister to register their anxieties. The Services had suffered serious shortfalls in recruitment in recent years; but the ill effects had been mitigated by a satisfactory rate of re-engagement. Many Servicemen would make their decisions on re-engagement in the light of the Board’s report and the Government’s action on it. If Servicemen generally concluded that the Government had acted less than fairly to them, the consequences could be far-reaching. There was no Budgetary reason for any staging beyond what was envisaged in his own paper, which was sufficient to keep the 1970-71 Defence Budget within the limits which Ministers had agreed.

In discussion, there was general agreement that the changes proposed should be implemented in stages and completed by 1st April, 1971. Some Ministers, however, argued that changes on the lines the Defence Secretary proposed would be represented by the Press as an immediate increase not of 15 per cent but of 20 per cent, since the increase in the pay of single men would be regarded, with some justice, as an integral part of the award. Acceptance by the Government of a 20 per cent settlement would weaken the position of private employers who were seeking to restrain wage demands to a lower figure. It would be perfectly defensible, while accepting the Board’s report, to limit the initial phase of the award to about 16 per cent, the remainder, about 9 per cent, following 12 months later. Against this it was argued that, while the “staging” proposed by the Defence Secretary could be explained on the grounds that it was necessary to keep the Defence Budget within the Government’s public expenditure targets, staging on a more extensive scale could only be defended on incomes policy grounds and could not well be defended on these grounds if, as appeared possible, the nurses were to be offered a 20 per cent increase. It would also entail, as part of the price of
reducing some of the major internal anomalies which would otherwise result, retaining the special Northern Ireland allowance beyond the present expiry date of 31st March, 1970.

In further discussion it was suggested that some of the disadvantages of each of the courses of action before the Cabinet could be mitigated if increases amounting to about 16 per cent were put into effect on 1st April, 1970, and the remainder of the increases recommended by the Board was introduced in two approximately equal instalments on 1st October, 1970, and 1st April, 1971.

The Prime Minister, summing up the discussion, said that the majority of the Cabinet favoured an arrangement under which the increases recommended by the Prices and Incomes Board would, if possible, be introduced in three stages. The first, to come into effect on 1st April, would amount to an overall increase of 16 per cent on the basis of one of the formulae, or a combination thereof, set out in paragraph 6 (ii) of C (70) 25. The remainder of the increase could then be awarded in approximately equal instalments on 1st October, 1970, and 1st April, 1971. The Cabinet recognised that, if such an arrangement were made, it would be necessary, in order to mitigate anomalies, to extend to 31st March, 1971, the special Northern Ireland allowance introduced in October 1969.

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

(2) Invited the Defence Secretary to consider, in consultation with the Chancellor of the Exchequer and the Lord Privy Seal, the most appropriate means of implementing an arrangement on the lines indicated in the Prime Minister’s summing up.

The Secretary of State for Education and Science said that all the increases in pay received by teachers in recent years had been fully consistent with the Government’s incomes policy. Teachers were now in a very militant mood and were planning to arrange strikes of indefinite duration in selected areas at half-term. He could detect no sign of weakening in their attitude towards their pay claim. There were, however, some indications of a weakening in the attitude of the local authorities, which had hitherto maintained a united front, and a growing tendency to try to put the blame for the deadlock with the teachers at the Government’s door. The employers were currently studying two alternative methods of improving their offer. Under variant A, which he himself did not
find attractive, there would be an interim settlement of £85 from 1st April, 1970, and a full-scale new settlement, based on restructuring, from 1st January, 1971. Under variant B there would be no increase at all in April 1970; but the restructuring, which would be done in the Burnham Committee, would take effect on 1st October, 1970. He proposed that he should be authorised to direct his representatives on the Management Panel of the Burnham Committee not to object, on grounds of total cost, to either of these variants if the local authorities wished to propose either or both of them to the teachers. He had some reason to believe that the teachers might be attracted by one or other of the two variants. If they accepted either of them, the strikes would be called off; if they rejected them, the Government’s position in relation to public opinion would be greatly strengthened.

In discussion it was argued that it was unrealistic to expect that the teachers would be willing to forgo an interim increase until October 1970. There was a real danger that they would accept the proposal to introduce restructuring on 1st October, 1970, and then seek by renewed strike action to obtain an interim payment of £85 or more on 1st April, 1970. It was suggested that the right course was to increase the offer now to £100, which the teachers were likely in any event to receive if they accepted arbitration, and at the same time to announce that the NBPI was being asked to undertake a general review of the structure of teachers’ pay and that the resulting increases would come into effect on 1st April, 1971. On the other hand it was argued that this would greatly increase the cost of restructuring and that it would in any case be unacceptable to the teachers. It was also suggested that local authorities should be encouraged to pay an interim increase of £85 now even though the teachers had rejected it. This might help to reduce the teachers’ militancy; on the other hand they might simply accept the increase and continue striking.

In further discussion it was argued that a comprehensive review of the structure of teachers’ pay, which was long overdue, could only be properly carried out by the NBPI. As against this it was argued that practical considerations, in the context of the current negotiations, pointed in favour of the review being undertaken in the Burnham Committee.

*The Prime Minister*, summing up the discussion, said that the Cabinet agreed that the right course was to make it clear that the existing offer still stood but that the Government would raise no objection to the local authorities offering the proposal described as variant B in C (70) 23, on the clear understanding that under this proposal there could be no question of their agreeing to an interim increase on 1st April, 1970.
The Cabinet—

(3) Invited the Secretary of State for Education and Science to be guided in relation to the negotiations on the teachers' pay claim by the Prime Minister's summing up of their discussion.

The Secretary of State for Social Services said that in December 1969 PI had authorised him to offer the nurses a pay increase of 24·5 per cent in a two-year settlement under which 16·2 per cent would be paid on 1st April, 1970, and a further 8·3 per cent 12 months later. In the course of negotiations he had varied the terms of the offer, with the agreement of the Chancellor of the Exchequer and the First Secretary of State, to provide first and second stages of 15·3 and 9·2 per cent respectively. This offer had been decisively rejected, as he had warned the Committee to expect; and it was now clear that no settlement was possible within the limits approved by PI. In his view the Government could not afford to allow the negotiations, which had been adjourned until 17th February, to break down. He accordingly proposed that he should be authorised to offer the nurses either an 18-months settlement under which 15·3 per cent would be payable on 1st April, 1970, and a further 9·2 per cent six months later or, as he would prefer, a one-year increase of 20 per cent payable on 1st April, 1970.

In discussion there was general agreement that, as PI had recognised, it was right to treat the nurses as a special case. A breakdown in negotiations, while not necessarily leading to strike action, would have serious political consequences and there would be great advantage in reaching a quick settlement. Of the two alternatives put forward by the Social Services Secretary, the first was open to the objection that it would involve paying the whole 24·5 per cent increase during the first year. Under the second alternative it would be necessary to negotiate a new agreement to come into effect on 1st April, 1971; and preliminary discussions on this might begin towards the end of 1970.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the nurses should be treated as a special case and that the offer to them should be improved by one or other of the two alternative methods suggested by the Social Services Secretary. The Chancellor of the Exchequer should consider with the Social Services Secretary and the First Secretary of State which method was preferable; and, if they were unable to reach agreement, they should bring the matter before Cabinet at their next meeting.
The Cabinet—

(4) Agreed that the nurses should be offered either—

(a) an 18-months settlement under which 15.3 per cent would be payable on 1st April, 1970, and a further 9.2 per cent six months later; or

(b) a one-year increase of 20 per cent payable on 1st April, 1970.

(5) Invited the Chancellor of the Exchequer to consider with the Secretary of State for Social Services and the First Secretary of State which of the two alternatives at (4) above was preferable and, if they were unable to reach agreement, to bring the matter before the Cabinet at their next meeting.

(6) Invited the Social Services Secretary, subject to (5) above, to improve the terms of the offer to the nurses by either (a) or (b) of (4) above.

The Minister of Posts and Telecommunications said that on 3rd February the Cabinet had agreed that the Post Office should be authorised to make an offer to their non-engineering staff giving increases which ranged from 7 to 12½ per cent. The unions had rejected this offer; but the Post Office considered that they could reach a settlement in the very near future if they were authorised to improve the terms of their offer by an amount which would increase the total wage bill for the staff affected by a further 1.7 per cent. This would cost about £5 million; and there was reason to believe that it might be possible to absorb the whole of the increase through extra productivity. A decision to stand firm on the present offer, however, would have serious consequences; it might well provoke an official strike and would do lasting damage to the efforts which the Post Office Board were making to establish good relations with their staff from the outset. He accordingly proposed that the Post Office should be given the authority they sought.

In discussion there was general agreement that the amount involved was too small to warrant running the risk of an official strike. If, however, the new offer were rejected, there could be no question of any further improvement. The Post Office should be asked to limit the increases to clerical staff as far as possible in order to reduce the risk of repercussions, especially in the Civil Service.

The Cabinet—

(7) Invited the Minister of Posts and Telecommunications to authorise the Post Office to improve their offer to their non-engineering staff by an amount which would increase
the total wage bill of the staff in question by no more than 1.7 per cent, on the understanding that, if this offer were rejected, there could be no question of any further improvement.

CONFIDENTIAL

5. The Cabinet considered memoranda by the Paymaster General and the Attorney-General (C(70) 27 and C(70) 28) on Upper Clyde Shipbuilders (UCS) and a note by the Secretary of the Cabinet (C(70) 24), to which was attached a copy of the Opinion of the Attorney-General and Mr. J. P. F. E. Warner on Beagle Aircraft Limited.

The Prime Minister said that the Cabinet would wish to have a report from the Chief Secretary, Treasury, in the following week on his visit to UCS. They would also need to have as soon as possible a revised estimate, which should take account of the Attorney-General's advice and of the information secured as a result of the Chief Secretary's visit, of the likely cost of the decision which had been taken, following discussion in the Ministerial Steering Committee on Economic Policy, to prevent the liquidation of UCS.

The Cabinet—

(1) Took note of C(70) 24 and C(70) 28.
(2) Invited the Chief Secretary, Treasury, in consultation with the Paymaster General and the Attorney-General—
   (i) To arrange for such sums as were necessary to prevent the liquidation of UCS to be made available to the company.
   (ii) To inform the Cabinet of the outcome of his visit to UCS, of the steps taken in compliance with (i) above, and of the extent and cost of any Government liability to the company's creditors.

Cabinet Office, S.W.1,
13th February, 1970.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Tuesday, 17 February, 1970,
at 11.30 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. JAMES CALLAGHAN, M P, Secretary of State for the Home
Department
The Right Hon. FRED PEART, M P, Lord
President of the Council (Item 1)
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 (Item 2)
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. 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. 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. ANTHONY GREENWOOD, M P, Minister of Housing and Local
Government (Item 2)
The Right Hon. EDMUND DELL, M P, Minister of State, Department of
Employment and Productivity (Item 1)
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury
The Right Hon. Sir ELWYN JONES, Q C, M P, Attorney-General (Item 2)

Secretariat:
Sir Burke Trend
Mr. R. R. D. McIntosh

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The Defence Secretary said that the proposal to increase Service pay in three stages, which the Cabinet had favoured at their previous meeting, had proved on closer examination to be open to serious objection on practical grounds. The introduction of the new Forces Pay Code on 1st April would impose a considerable strain at all working levels and this would be greatly increased, to the point of possible breakdown, if new scales had to be introduced twice in six months. Moreover, the changeover was bound to throw up a large number of difficult problems affecting individual Servicemen; and these would be accentuated by dual staging this year. After consultation with the Chancellor of the Exchequer and the First Secretary of State, he proposed that the increase should be paid in two stages. The first stage would involve an average increase of about 18 per cent and would be paid on 1st April, 1970; the balance of the increase would be paid 12 months later. From 1st April, 1970, the special Northern Ireland allowance would no longer be paid to married men. These modifications would not involve any increase in cost.

The Cabinet—

(1) Agreed that the increases in Service pay should be paid in two stages in accordance with the arrangement proposed by the Defence Secretary.

The Secretary of State for Education and Science said that, at the meeting of the Burnham Committee on 13th February, the management side had proposed that there should be no pay increase in April 1970, but that a settlement based on restructuring should take effect from 1st October, 1970. The teachers' representatives had agreed to consider this; and another meeting of the Committee had been arranged for 11th March. This would involve an unduly long delay and he hoped it would be possible to get the date of the meeting advanced. In the meantime, the teachers refused to call off their strike action. He accordingly proposed to make a statement in the House of Commons on the following day emphasising the value of the offer made to the teachers and appealing to them to settle the dispute.

The Secretary of State for Scotland said that progress in the negotiations with the Scottish teachers had been held up by developments in England. With the approval of the Ministerial Committee on Prices and Incomes he had made an offer of 11 per cent; but it seemed clear that he would need to go beyond this—perhaps to as much as 14 per cent—in order to reach a settlement.
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 whether the offer to the Scottish teachers should be increased.

The Secretary of State for Social Services said that, in the light of the discussion at their previous meeting, he had considered with the Chancellor of the Exchequer and the First Secretary of State what offer should be made to the nurses at the next meeting of the Whitley Council. They had agreed that an attempt should be made to secure a settlement by advancing the date on which the second stage of the pay increase would be paid; and that the offer of a one-year increase of 20 per cent should be made only if this attempt was unsuccessful.

The Cabinet—
(4) Took note, with approval, of the statement by the Social Services Secretary.

The Cabinet were informed that there was a reasonable prospect that the men who were on strike at the Ford Motor Company's plant in Swansea might soon decide to return to work. It was hoped that the company might conclude a formal agreement with the unions shortly thereafter.

The Cabinet—
(5) Took note that the Chancellor of the Exchequer would arrange for the Ministerial Committee on Prices and Incomes to consider the terms of the Ford Motor Company's agreement with the unions when they were reported to the Government.

The Cabinet considered a memorandum by the Minister of Housing and Local Government (C (70) 21) on the London Authorities (Transfer of Housing Estates, etc.) Order, 1970.

The Minister of Housing and Local Government said that the London Government Act, 1963, required the Greater London Council (GLC) to submit to the Minister of Housing not later than 1st April, 1970, a programme of transfers of GLC housing to London Boroughs. Where the GLC and any borough were in agreement in requesting an Order for a transfer, the Minister had no option but to lay one. The GLC had now agreed with 25 London boroughs for the transfer of 46,000 out of a total of 210,000 GLC houses in
Greater London. He had made the requisite Order on 5th February and proposed to lay it that afternoon. The GLC's proposals were open to strong objection. London's housing problems could never be properly tackled unless they were treated as a whole; and any fragmenting of the GLC's strategic housing role would be in conflict with this principle. For this reason, the South-East Economic Planning Council had recommended that all London's housing problems should be handed over to the GLC. In several cases, the proposed transfers would involve splitting single estates, which cut right across the principles of good housing management. As against this, it must be recognised that under the local authorities' proposals elaborate arrangements would be made to maintain nomination rights for the GLC in the transferred estates; and there were obvious difficulties in rejecting proposals for transfer on which both the GLC and the boroughs concerned were agreed. There was strong opposition to the proposed transfer in the Labour group on the GLC and among Labour Members of Parliament representing London constituencies. It could be assumed that when the Order was published a number of Government backbenchers would pray against it and since he could hardly adopt a neutral attitude to such a Prayer he proposed that he should advise the House to accept it.

In discussion it was pointed out that the Government had decided after very careful consideration that, under the arrangements set out in the White Paper on the Reform of Local Government in England, housing management in the new metropolitan areas should be given to the second-tier authorities. Conditions in these areas were broadly similar to those in London; and it would be difficult to defend a decision to make housing management a function of the upper tier only in the capital. On the other hand it was argued that London's housing problems were unique and that there was no reason why they should be treated in the same way as those of the proposed new metropolitan areas. Historically there were considerable differences between London and the other conurbations in matters of housing policy, not least because of the strategic role played by the former London County Council over many years. The need to cater for large-scale movements of population between the boroughs and at the same time to maintain reasonable consistency in the level of rents throughout Greater London created very special problems. Too little thought had been given in the past to these problems and to the respective roles of the GLC and the boroughs in tackling them.

_The Prime Minister_, summing up the discussion, said that the Cabinet agreed that the Minister of Housing and Local Government should lay the Order forthwith. As soon as was convenient after
it had been published he should arrange for the Press to be informed of the Government's view that, in the light of the views expressed by the South-East Economic Planning Council, further consideration should be given to the respective roles of the GLC and the London boroughs in the field of housing management; and that for this reason, while he was obliged under the terms of the Act to lay the Order, he proposed to advise the House to vote against it.

The Cabinet—

Invited the Minister of Housing and Local Government—

(i) to lay the London Authorities (Transfer of Housing Estates, etc) Order, 1970, forthwith;

(ii) to arrange for the Press to be informed of the Government's views on the lines indicated in the Prime Minister's summing up of their discussion.

Cabinet Office, S.W.1.

17th February, 1970.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 19th February, 1970,
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 HEALY, M.P., Secretary of State for Defence
(Items 1-3)
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 (Items 1 and 2)
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

Also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury

Secretariat:
Sir BURKE TREND
Mr. R. R. D. MCINTOSH
Sir ROBIN HOOVER
Mr. C. R. CANN

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week. They noted that the House of Commons would adjourn for the Easter Recess on Thursday, 26th March, and would reassemble on Monday, 6th April.

The Cabinet considered a memorandum by the Lord President of the Council on future legislation (C (70) 31).

The Cabinet—

(1) Invited the Lord President of the Council to arrange for the Future Legislation Committee to consider Departments' proposals for future legislation; and to report their conclusion to the Cabinet after Easter.

The Cabinet considered the position of junior Ministers whose constituencies might be affected by the siting of the Third London Airport. It was suggested that, since no Government decision had yet been taken on this issue, there need be no objection to their giving evidence, as representatives of their constituencies, to the forthcoming public sessions of the Commission on the Third London Airport (the Roskill Commission). On the other hand it had been decided that Ministers should not give such evidence in the case of inquiries about the siting of New Towns, major road developments and similar matters; and the general view was that to depart from the normal practice in the case of the Roskill Commission would create an undesirable precedent. It would be open to members of the Government whose constituencies might be affected to represent their views to the responsible Ministers in private before a decision on the siting of the airport was taken.

The Cabinet—

(2) Agreed that Ministers should not give public evidence, as representatives of their constituencies, to the Commission on the Third London Airport.

(3) Agreed that all Ministers in charge of Departments should be invited to ensure that their junior Ministers were informed of the Cabinet’s decision.

2. The Foreign and Commonwealth Secretary said that the Italian Prime Minister, Signor Rumor, was now attempting to form a Centre-Left Government. Although he was likely to encounter difficulties in doing so, these should not affect Italian support for the British entry into the European Economic Community.
The Foreign and Commonwealth Secretary said that the leader of the present régime in Lesotho, Chief Jonathan, had rejected the appeal which had been made to him by the President of Botswana, Sir Seretse Khama, to ask for the good offices of the Commonwealth Secretary-General, Mr. Arnold Smith, in mediating between him and his political opponents. The situation in Lesotho remained confused. Our normal criterion for recognition of a Government—which did not necessarily imply approval—was that it should be in effective control of the country concerned; but the extent to which Chief Jonathan was in control was still in doubt. Meanwhile, we had refrained from any action which might be construed as recognition. Chief Jonathan’s régime had now signified their acceptance of an offer of aid which had been made before he had stopped the elections and suspended the Constitution; but the Minister of Overseas Development, in reply to a Question in the House of Commons, had informed the House that the question of aid was in suspense.

In a brief discussion, the point was made that at a time when the Rhodesian régime was probably about to take action which, like Chief Jonathan’s coup d’état, would in effect result in the establishment of a one-party State, we should be careful to avoid giving the impression that we applied different standards to a country governed by Africans and other where a white minority was in power. So far as aid was concerned, we should continue to defer a decision for as long as possible. It would be difficult to justify giving aid to a country whose Government we did not recognise, though it was pointed out that we had continued to give technical assistance to Tanzania after she had broken off diplomatic relations with us.

The Foreign and Commonwealth Secretary said that the Chinese authorities had recently released from detention a 78-year-old British subject, Mr. McBain. It was not known why the Chinese had arrested Mr. McBain in the first place; nor was it possible to conjecture why he had now been released. A number of British subjects still remained in detention. Some of these were sympathisers with the Chinese régime, who had subsequently got into trouble with it. It was difficult to see what action could usefully be taken on their behalf.

The Foreign and Commonwealth Secretary said that the report made to Congress by the President of the United States, Mr. Nixon, on the previous day contained nothing startlingly new. Perhaps its most satisfactory feature from our point of view had been the President’s firm rejection of isolationism and of any idea of disengagement from Europe.
In discussion it was pointed out that what the President had said in regard to United States policies in the Far East and South-East Asia appeared to be closely in line with our own thinking. Good use of it could be made in justification of our own policy in the area.

The Cabinet—

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

3. The First Secretary of State said that 1,500 Ford workers in Swansea and 3,000 in Halewood were now on strike; elsewhere the men had voted overwhelmingly to accept the increase in pay offered by the company. The national leadership of the two principal trade unions involved was in a state of confusion. The Transport and General Workers’ Union had now advised their members to accept the company’s offer but the attitude of the Amalgamated Engineers’ Federation would not be determined until later in the week. The company had made it clear that, unless the men now on strike went back to work quickly, production would be disrupted and large numbers of workers would have to be laid off.

The Cabinet—

Took note of the statement by the First Secretary of State.

4. The Cabinet considered a note by the Minister without Portfolio (C (70) 30), to which was attached a report by officials about the 1970 Annual Review of the Agricultural Industry.

The Minister without Portfolio said that the Ministerial Committee on Agricultural Policy (AP) had agreed unanimously to the proposals in the report attached to C (70) 30. The proposals were designed to provide the resources necessary for the continued well-being of the agricultural industry and to secure further progress towards the objectives of the Government’s selective expansion programme. They involved commodity determinations worth some £52 million, which would go mainly to beef and milk, cereals, pigs and sheep; they also included arrangements to encourage the eradication of brucellosis and further measures to relieve farmers’ immediate cash needs and to inject capital for further investment. There would be a £10 million increase in the fertiliser and lime
subsidies for one year only; and increases in the rates of capital
grants to provide an extra £20 million over the next two years,
which AP had agreed should apply only to new agricultural
investment. The proposals would entail demands on the public
expenditure contingency reserve of some £11\frac{1}{2} million in 1970-71;
and of some £17 million in 1971-72. The direct effect on consumer
prices would be limited to milk; and, although the price of milk
would, as a consequence, rise to 1s. a pint on 1st December, 1970,
this increase would in any case have had to take effect on 1st January,
1971, as a result of decimalisation. It was not certain that the
farmers' representatives would accept the proposed package; but it
was well balanced and publicly justifiable. It had been approved
by AP on the explicit understanding that the total final award
would be no greater than that proposed, although the Agriculture
Ministers might come back to AP if they felt it was desirable within
the proposed total to make adjustments in the balance between
individual items in the package.

In discussion, the proposals were generally welcomed. If the
farmers' representatives showed a strong preference for the increased
rates of capital grant to apply to work for which claims for grant
were received on or after the increases came into effect, AP might
consider adopting alternative (a) in Annex D to the report attached to
C (70) 30, though this was much less attractive on public expenditure
grounds because of the increased expenditure in 1970–71 which it
would involve. Careful consideration would need to be given to
the timetable for dealing with British Leyland's proposals to increase
the prices of their tractors, especially if there was a risk of tractor
manufacturers generally increasing their prices.

The Prime Minister, summing up the discussion, said that the
Cabinet endorsed AP's agreement on the proposals in the report
attached to C (70) 30, on the basis that, however the negotiations
with the farmers' representatives went, there was no question of
granting a total award greater than that now proposed. If necessary,
however, consideration could be given by AP to adjustments within
the proposed total. The Cabinet also endorsed AP's decision that
the proposed increased rates of capital grant should apply only to
new investment, though AP might consider adopting the alternative
method put forward in the report attached to C (70) 30 if the
farmers' representatives showed a strong preference for it. It was
most important that there should be no premature disclosure of
the proposed package.
The Cabinet—

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

(2) Approved the proposals in the report attached to C (70) 30.

(3) Invited the Minister of Technology, in consultation with the First Secretary of State and the Minister of Agriculture, Fisheries and Food, to consider in relation to the timing of the Annual Review, the handling of proposals to increase tractor prices.

Cabinet Office, S.W.1,

19 February, 1970.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 26th February, 1970,
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 (Items 1-3)
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 1-5)
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
The Right Hon. GEORGE THOMAS, M.P, Secretary of State for Wales
The Right Hon. HAROLD LEVER, M.P, Paymaster General
The Right Hon. ANTHONY GREENWOOD, M.P, Minister of Housing and Local Government (Item 3)
The Right Hon. JOHN STONEHOUSE, M.P, Minister of Posts and Telecommunications (Item 6)
The Right Hon. FREDERICK MULLEY, M.P, Minister of Transport (Item 3)
The Right Hon. ROBERT MELLISH, 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.

The Cabinet were informed that the British Broadcasting Corporation (BBC) had approached several Ministers asking to be granted an exclusive interview in their constituencies after the declaration of the poll at the forthcoming General Election. Ministers should refuse to entertain overtures of this kind, whether from the BBC or from the Independent Television authorities, and should indicate that they must reserve their decision until the occasion arose.

2. The Foreign and Commonwealth Secretary said that the Yugoslav Prime Minister, Mr. Mitja Ribicic, had visited London from 23rd to 26th February. Our main objectives during this visit had been to establish contact with the new Yugoslav Administration; to exchange views on the international situation; and to discuss problems of trade, economic and technical co-operation, together with defence sales. The visit had gone well. In discussion on the international situation the main theme had been East-West relations, on which Yugoslav views were closely in line with our own. The Yugoslav Government, for obvious reasons, were strongly opposed to any general acceptance of the Brezhnev doctrine; and this had largely determined their attitude towards the Soviet proposal for a European Security Conference.

The Foreign and Commonwealth Secretary said that the Pathet Lao had regained control of the Plain of Jars and that, in consequence, the military situation was once again as it had been a year ago. We should need to take account of the persistent violations by North Vietnam of Laotian neutrality whenever we had occasion to consider the United States policy of refusing to contemplate withdrawal from South Vietnam unless a political settlement had been achieved.

The Cabinet—

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

The Foreign and Commonwealth Secretary said that it was not yet possible to say who was responsible for the recent air disaster in which a Swissair aircraft had exploded in the air over Switzerland, causing the death of all passengers and crew. In their public statement the Swiss Government had spoken only of an "explosion"; but there was a strong presumption of sabotage. An Arab
organisation which had broken away from the Palestine Liberation
Front had claimed responsibility; but other guerilla movements had
disclaimed any connection with the incident. For the present, the
British Overseas Airways Corporation (BOAC) and British European
Airways (BEA) had suspended shipments of freight to Israel; but
these might be resumed shortly. We had expressed to the Israeli
Ambassador in London our regret and distress at the incidents which
had occurred; but we had made it clear that it was difficult to take
further action until the responsibility for them had been established.

The President of the Board of Trade said that, in reply to a
Private Notice Question in the House of Commons on 23rd February,
he had emphasised that the safety of passengers and crew must be the
airlines’ first concern. But the BOAC and BEA ban on air freight to
Israel, while it might diminish the risk to passengers and crew in the
air, inevitably involved some corresponding increase in risk to the
staff dealing with such freight on the ground; and they were tending
to refuse to handle it. If satisfactory understandings on security
precautions could be reached, however, it should be possible shortly
to resume air freight shipments to Israel. In all other respects, BOAC
and BEA services to Israel were continuing to operate normally.

In discussion, it was pointed out that the frequency of acts of
violence against civil aircraft in recent weeks and the fact that these
were directed exclusively against Israeli or Israel-bound aircraft
suggested that these incidents were due to sabotage. But the available
evidence was not yet strong enough to warrant the attribution of
specific responsibility. While, therefore, we should continue to
express publicly our abhorrence of such crimes, and should take such
action as we could, particularly in the International Civil Aviation
Organisation, to prevent their recurrence, we should be careful, in the
absence of further evidence, to refrain from imputing blame to any
particular country, organisation or individual.

The Cabinet—

(2) Took note of the statements by the Foreign and Common-
wealth Secretary and the President of the Board of Trade;
and of the points made in discussion.

The Secretary of State for Defence said that 6 Brigade and its
associated units had been withdrawn from Germany in 1968 in the
context of negotiations for a satisfactory offset agreement covering
our forces in Germany as a whole. Subsequently, the Canadian
Government had decided to withdraw their armoured brigade from
Germany: and we and the Federal Republic of Germany had been
asked by the North Atlantic Treaty Organisation (NATO) to remedy
the resulting deficiency in NATO defences. The Federal Government,
for their part, had already agreed to provide the additional force
contributions for which NATO had asked them; and, as had been indicated in the Statement on the Defence Estimates, 1970, we had been discussing with the Federal Government means by which the extra foreign exchange costs involved in the return of 6 Brigade and its associated units could be satisfactorily offset. The Federal Government had now made proposals providing for 80 per cent offset; and, despite their strong objection to any measure which might be represented as a reversion to the principle of occupation costs, they had made an unprecedented offer of DM13 million towards the settling-in costs of the Brigade. Under the arrangements now proposed the net increase in expenditure across the exchange would be of the order of only £500,000; and there would be a major budgetary saving in respect of the cost of the accommodation in the United Kingdom which would not be required. In view of these considerations and of the major military and political benefits which would result in terms of relations with Germany, the United States and NATO as a whole, the Defence and Oversea Policy Committee had unanimously agreed that the Brigade should be returned to Germany on the terms proposed.

The Prime Minister, summing up a short discussion, said that it had been accepted at an earlier stage that 6 Brigade should return to Germany if appropriate financial arrangements could be agreed with the Federal Government. While the Defence and Oversea Policy Committee had considered that some features of the German offer were still not fully satisfactory, they had agreed that on balance the arrangements proposed should be accepted. In the expectation that we would do so, the Federal Government had been taking a commendably robust line with the United States Government as regards the implementation of the civil aviation provisions of our offset agreement, to which we attached importance. He would inform the Federal Chancellor, Herr Brandt, of our decision during the latter's visit to London the following week; and the Defence Secretary would make the necessary statement in the House of Commons during the forthcoming defence debate.

The Cabinet—

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

(4) Took note that the Prime Minister would inform the Federal Chancellor of the decision to return 6 Brigade and its associated units to Germany during Her Brandt's visit to London.

(5) Took note that the Defence Secretary would make a statement at the appropriate moment in the House of Commons.
Irish Republic

The Chancellor of the Duchy of Lancaster said that, although we had done our best to meet the Irish point of view, the Government of the Irish Republic had rejected the proposals regarding butter and cheese imports which we had made to them in the recent trade negotiations. As a result we might have to impose countervailing duties; and our relations with the Republic over Northern Ireland might also be adversely affected. He would be reporting further to the Prime Minister and the other Ministers concerned.

The Prime Minister, summing up a short discussion, said that we should adhere to the attitude which we had adopted and should make it clear to the Irish Government that we intended to do so, while allowing them time for second thoughts.

The Cabinet—

(6) Took note of the Chancellor of the Duchy of Lancaster's statement.

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

The Cabinet—

(6) Took note of the Chancellor of the Duchy of Lancaster's statement.

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

Compensation for Injurious Affection

3. The Cabinet considered a memorandum by the Secretary of State for Local Government and Regional Planning (C (70) 33) on making proposals for improvements in land compensation and including a scheme dealing with compensation for injurious affection.

The Minister of Housing and Local Government said that the Home Affairs Committee had approved proposals for a number of improvements in the provisions governing compensation on the compulsory acquisition of land; but they had not been able to reach agreement on the most important of the proposals, which was concerned with the compensation payable for depreciation in the value of land resulting from the carrying out of public development on adjacent land. As the law stood, and had stood for more than a century, an owner some of whose land was compulsorily acquired by a public authority was entitled to compensation for any loss caused by severance of his land or injurious affection thereto; but an owner none of whose land was taken by a public authority had only the most limited rights to compensation if the value of his land was depreciated by the public development. In this respect public authorities carrying out development enjoyed a privileged position as compared with private developers, since owners adversely affected by private development would in some cases be able to recover damages in a common law action in nuisance. This privileged position was a source of embarrassment to local authorities; and the present
state of the law had attracted criticism from the professional organisations concerned. He therefore proposed to put public authorities in a position broadly similar to that of private developers by giving owners from whom no land was acquired an entitlement to compensation if the value of their land was damaged by public development. This right to compensation should be limited in three ways. First, compensation should only be payable when an action for nuisance would have lain; and in order to make the position clear the types of development which would attract it should be specified in the legislation. Second, no compensation should be payable unless the depreciation exceeded 10 per cent of the value of the land. Third, compensation should be assessed two years after the development was completed in order to exclude purely temporary loss of value. The proposals would inevitably involve an increase in public expenditure, which was estimated at between £7½ million and £15 million a year; but the full impact would not be felt until 1973–74 and subsequent years. The subject was one of much public concern; and the House of Commons would the following day be debating Mr. Walter Clegg’s Planning Blight and Worsenment Bill, which would confer greatly extended rights to compensation in these and other circumstances. He therefore sought the Cabinet’s authority to make a statement in the course of the debate on the lines of the draft in the Annex to the Secretary of State’s memorandum.

The Chief Secretary, Treasury, said that the present law on compensation for injurious affection had stood the test of more than a century; and there was no good reason to change it now. There was no substance in the argument that public development should be treated on the same basis as private development, because in aggregate the effect of public development was to increase the value of privately owned land. If some owners lost as a result of public development, others undoubtedly gained; the ownership of property carried with it both risks and advantages and there was no reason why the State should feel under any obligation to those who lost. The limitations which it was proposed to attach to the new right to compensation were based on no principle and could not be defended; there was no reason why the right to compensation should depend on such factors as the timing and extent of the damage or on an artificial distinction between the consequences of new development and the more intensive use of existing buildings and works. The proposals would cause even more discontent than the present state of affairs, as a result of the new distinction between those who qualified for compensation and those who did not; and the final result would be that the proposed limitations would have to be abandoned, at a cost to the Exchequer very much heavier than that estimated by the Secretary of State.
In discussion two main points of view emerged. On the one hand it was argued that the present state of affairs could not be allowed to continue. The scale of public development was now far greater than it had been a century ago; and many owners of property were suffering serious hardship as a result of depreciation caused by works such as new motorways and urban redevelopment. Owners of small properties tended to suffer even more than owners of large properties because the chances of a part of their land being taken were the less. There was increasing public concern about the problem, particularly in relation to the London Motorway Box; and, even though it might not be possible to confine entitlement to compensation strictly within the limits proposed by the Secretary of State, it was politically important that the Government should indicate a willingness to deal with the issues involved.

On the other hand it was suggested that the Government could not afford to become committed to any particular remedy without more thorough consideration of its implications. The cost of the proposals was considerable; and there were many other claims on any resources which might become available, particularly for improvements in the social services. It was likely to prove impracticable to maintain the proposed limitations on the right to compensation, in which case the cost would be much increased and the prejudice to the Government's other policies so much the greater. Moreover, a selective scheme, such as that proposed, might result in an even greater sense of grievance among those who did not benefit thereby than existed at present. For all these reasons the Government should avoid reaching a premature decision. Hardship was greatest amongst owner-occupiers of houses and small businesses; and, if any right to compensation was to be granted, it might need to be restricted to these classes of owner, as was the present right to serve "blight" notices.

In further discussion it was suggested that, since the effect of public development was to increase the value of some properties and to diminish that of others, a redistribution of risk and benefit among property owners would be more appropriate than payment of compensation by public authorities. This might perhaps be achieved by application of the insurance principle, as had been done in the case of flood damage.

The Prime Minister, summing up the discussion, said that there was a general acceptance of the desirability of affording some relief to owners of properties depreciated by public development, particularly owner-occupiers of houses and small businesses, provided that the cost was not too high. Nevertheless, the Government would clearly be ill-advised to commit themselves in the course of the following day's debate to the particular proposals put forward by the
Secretary of State, especially since the other proposed improvements in the compensation code, which the Home Affairs Committee had recommended and the Cabinet endorsed, should provide sufficient evidence for the time being of the Government's awareness of the problems in this area. As regards injurious affection, any statement should not do more than indicate that the Government recognised the existence of a serious issue and were exploring ways and means of dealing with it. One possible approach, which they proposed to investigate, was the institution of some scheme of insurance, which would enable the increase in the value of some properties caused by public development to be set off against the depreciation in the value of others.

The Cabinet—

Took note, with approval, of the Prime Minister’s summing up of their discussion and invited the Secretary of State for Local Government and Regional Planning to be guided by it in any statement made during the course of the forthcoming debate on the Planning Blight and Worsenment Bill.

SECRET

4. The Cabinet were informed that an agreement had been reached in the Police Council on the previous day for an interim pay increase of 8½ per cent for policemen, with effect from 1st January, 1970. This settlement was within the limits authorised by the Ministerial Committee on Prices and Incomes.

The Cabinet were informed that a pay settlement for the Ford Motor Company’s manual workers had now been reached on the basis of an 18 per cent increase. But the settlement did not commit the management as regards the claim to parity between the Company’s workers and comparable workers in the Midland motor-car industry; and this issue had been reserved for further consideration. The outcome of the dispute could therefore be regarded as not unsatisfactory. But its effect on the general climate of industrial relations had been somewhat marred by a public statement on the previous day by Lord Stokes, Chairman of the British Leyland Company, in which he had accused motor-car workers of deliberately disrupting the industry. It was perhaps for consideration whether the Government should seek an occasion to rebut the implication that responsibility for industrial unrest lay with the trade unions and, therefore, at one remove with the Government themselves. But it
could not be denied that the motor-car industry was in fact being considerably affected by widespread industrial disaffection in factories producing components; and, in so far as unofficial action of this kind was in breach of the undertaking which the Trades Union Congress (TUC) had given the Government during the discussions on industrial relations in the previous summer, it might be wiser to refrain from any direct reply to Lord Stokes’ allegations and to concentrate on trying to ensure that the TUC implemented their undertaking to intervene effectively in the case of unofficial strikes.

5. The Cabinet had before them a memorandum by the Home Secretary on the Misuse of Drugs Bill (C (70) 34).

The Home Secretary said that the Home Affairs Committee had recently considered the range of penalties to be provided in the forthcoming Misuse of Drugs Bill. Existing legislation on this subject distinguished in principle between the offences of simple possession of controlled drugs and trafficking in them. But, under the Dangerous Drugs Act, 1965, which dealt with heroin, cocaine, morphine and cannabis, the two offences had been treated on the same basis and the same penalty of ten years’ imprisonment applied to each. Under the Drugs (Prevention of Misuse) Act, 1964, which dealt with amphetamines, LSD and other hallucinogens, possession was punishable by two years’ imprisonment; and there was no separate offence of trafficking. The Committee had agreed that the new Bill should continue to distinguish between the offences of possession and trafficking; but they had also approved a division of drugs into three categories, each of which would attract a separate and appropriate penalty. But if—as was clearly right—the penalties for trafficking should be increased (e.g. in the case of the most dangerous drugs, from the existing limit of ten years’ imprisonment to a new limit of 14 years), it followed that the penalties for simple possession of the less serious drugs should be reduced; and the Committee had recommended that on this basis the penalty for possession of cannabis might be curtailed from ten years to three years. Further reflection, however, had suggested that public opinion might well regard a change of this kind as indicating too lenient an attitude on the part of the Government towards the potentially dangerous practice of drug-taking; and the Cabinet would wish to consider whether the political damage which the Government might suffer if this impression gained ground was sufficiently serious to justify a modification of the terms of the Bill before it was introduced.
If so, one of two courses could be adopted. The first would preserve the three categories of controlled drugs but would increase the penalties for simple possession of drugs in the two most serious categories from three years' imprisonment to five years in the case of cannabis and from five years to seven years in the case of heroin, cocaine, etc. The second approach, which on the whole he advised, would be to abandon the distinction between categories of drugs entirely and to provide single maximum penalties for possession and trafficking respectively. The former might be either ten years or seven years' imprisonment; the latter would be 14 years in all cases.

In discussion, there was general agreement that it would be right to maintain the distinction between the offences of possession and trafficking and to establish a more flexible and discriminating classification of the various categories of drugs. But the proposed reduction of the penalty for simple possession of cannabis from ten years' imprisonment to three years would be liable to be severely criticised by public opinion, especially by parents and teachers. The impact of this apparent concession to the permissive tendencies in society would not be offset by the increase in the penalty for possession in the case of other drugs (e.g. LSD); and the Government might be at considerable political risk as a result. It would be very unwise to underestimate the degree of public concern on this subject and the ease with which the Government's intentions might be misinterpreted.

On the other hand, the proposals as approved by the Home Affairs Committee were the result of very careful consideration and reflected the considered judgment of expert opinion. Of the two alternative courses which the Home Secretary had suggested the second would entail a maximum penalty of seven years' imprisonment for simple possession of cannabis; and a sentence of such severity was wholly unrealistic in relation to the offence as committed by, for example, a schoolchild. Moreover, the penalty actually imposed would lie at the discretion of the court; and, since it was most unlikely that the court would in fact deal so harshly with an offence of this kind, the law itself would be liable to fall into disuse and disrepute. The political risks of proceeding with the proposals as approved by the Home Affairs Committee could be exaggerated; and in any event it would be wrong, in a matter of this kind, to subordinate the requirements of humanity and equity to political considerations.

The Prime Minister, summing up the discussion, said that it appeared that the Cabinet were in favour, by a small majority, of proceeding with the proposals recommended by the Home Affairs Committee. But it might help to allay public disquiet if the proposed penalties for possession of controlled drugs were increased to some
extent—e.g. to seven years (instead of five years) for the most serious drugs and to five years (instead of three years) for drugs in the second category, including cannabis. The Cabinet agreed that the Bill should go forward on this basis.

The Cabinet—

Invited the Home Secretary to arrange for the early introduction of the Misuse of Drugs Bill on the basis indicated by the Prime Minister in his summing up of their discussion.

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6. The Cabinet considered a memorandum by the Minister of Posts and Telecommunications (C (70) 20) about Post Office finances.

The Minister of Posts and Telecommunications said that in the previous summer the Cabinet had invited him to consider the possibility of an increase in the financial objective for Post Office telecommunications. In the light of current interest rates, of the 10 per cent Government test discount rate for low-risk investment projects and of the 15 per cent return now sought in the private sector, the existing 8½ per cent target was clearly too low. The strong demand stimulated by low charges put an excessive strain on resources; and only 46 per cent of the funds for the very large investment programme over the next five years would be generated internally. He therefore proposed that the financial objective should be increased to 10 per cent, which would raise the rate of internal financing to 56 per cent. The increases in charges which the Post Office proposed to introduce from 1st October, 1970, to enable them to meet the new objective would raise an additional £65 million in a full year, and about £30 million in 1970-71. When the issue had been discussed in the previous July it had been thought that a substantial increase in connection charges might be the major source of finance for the increased target. After further consideration, however, the Post Office had concluded that they should rely mainly on increased rental charges. If the proposals were agreed in principle, he would discuss further with the Post Office the possibility of relying proportionately more on increased connection charges.

The Post Office had also proposed in the previous October certain increases in postal charges from August 1970. He had asked them to reconsider these in the light of expected wage increases and of the prospects for increasing efficiency. The had now proposed that the charges for the first and second-class letter services should be increased to 7d. and 6d. respectively from 1st January, 1971, becoming
3p and 2½p on decimalisation in the following month. These increases were excessive. He therefore recommended that the Cabinet should approve increases in these charges to 6d. and 5d. respectively in January 1971, to be rounded down subsequently to 2½p and 2p. These charges would enable the Post Office services to pay their way, provided that every effort was made to increase efficiency.

In discussion it was pointed out that, as a result of the general agreement reached in the previous July that the financial objective for telecommunications should be increased, the forward public expenditure estimates had taken into account the prospective increase in revenue from 1st October. It was not clear, however, why the target could not be raised and the charges increased from 1st July, which would provide an additional £15 million in 1970-71. Moreover, the means by which it was proposed to raise the extra revenue were different from those discussed earlier; and the preference of the Post Office for increases in rental charges rather than connection charges had not been clearly justified. It was accepted as appropriate, however, that any increases in rentals should fall more heavily on business lines than on private telephones.

In further discussion it was noted that the proposed increases in postal charges would raise an additional £4 million a month from the date of introduction and that some change in these charges would be inevitable on decimalisation. Nevertheless, the Government should not condone the behaviour of the Post Office Board in allowing their application for increased charges to become known. Moreover, if additional revenue were raised by increasing the telecommunications charges from 1st July, an increase in postal charges would be less urgent.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the financial objective for telecommunications should be increased to 10 per cent from 1st July, 1970, and that the necessary increases in charges should take effect from that date. The Minister of Posts and Telecommunications should discuss further with the other Ministers concerned and subsequently with the Post Office Board the extent to which the proposed charges might be revised to include rather larger increases in connection charges and rather lower increases for telephone rentals. He should also discuss with the Lord President and the Minister without Portfolio the precise timing of the announcement of the changes, which should be made before the forthcoming Budget.

The Post Office Board should be informed that the Government were not prepared to approve the proposed increases in postal charges and that the adjustment of rates to be made on decimalisation.
would be considered at a later date. It should also be made clear to
the Board that the Government were seriously concerned about the
manner in which they had allowed their application for higher postal
charges to become known.

The Cabinet—

(1) Approved an increase in the financial objective for Post
Office telecommunications from 8½ per cent to 10 per
cent from 1st July, 1970.

(2) Agreed not to approve the increases in postal charges from
January 1971, currently proposed by the Post Office but
to consider the charges to be applied on decimalisation
at a later date.

(3) Invited the Minister of Posts and Telecommunications—

(i) to arrange, in consultation with the other Ministers
concerned, for further consideration to be given
to the details of the proposed changes in the
telecommunications tariff on the lines indicated by
the Prime Minister and thereafter to discuss them
with the Post Office Board;

(ii) to arrange, in consultation with the Lord President
and the Minister without Portfolio, for the revised
telecommunications charges and the increase in the
financial objective to be announced before the
forthcoming Budget;

(iii) to inform the Post Office Board that the proposed
increases in postal charges had not been approved
and that the Government viewed with concern the
publicity given to the Post Office’s application for
such increases.

Cabinet Office, S.W.1.
26th February, 1970.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 5th March, 1970, 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 1-7)
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 (Items 4-8)
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales (Items 1-7)
The Right Hon. HAROLD LEVER, M.P., Paymaster General (Items 1-5)

The following were also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury (Items 1-4)
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General (Item 5)
### Secretariat:
- Sir Burke Trend
- Mr. R. R. D. McIntosh
- Sir Robin Hooper
- Mr. P. E. Thornton
- Mr. J. Crocker
- Miss S. W. Fogarty

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

SECRET

2. The Foreign and Commonwealth Secretary said that the visit of the Chancellor of the Federal Republic of Germany, Herr Willy Brandt, had been very successful. It had been clear that Herr Brandt envisaged that negotiations for British entry into the European Economic Community (EEC) would open in July of this year. In discussion during the meetings on political unification within the framework of the EEC, Herr Brandt had taken a sensible and helpful line. There had been useful discussions on European defence, and these would be continued when the German Defence Minister, Herr Helmut Schmidt, visited London shortly. Meanwhile, it was satisfactory that negotiations with the Germans had been completed in time to enable our decision to return 6 Brigade to Germany to be conveyed to Herr Brandt and announced in the House of Commons during the visit.

The Foreign and Commonwealth Secretary said that the Austrian Socialist Party had achieved a small majority in the recent general election. The outcome would probably be a “Grand Coalition” with the People’s Party (Catholic); and the resulting Government was likely to be well disposed towards this country. These had been the first elections held since the lowering of the voting age in Austria to 19. This did not appear to have affected the outcome to any significant extent, though it was possible that the younger voters had been influenced by the prospect of a reduction in the length of military service under a Socialist-led Government.

The Foreign and Commonwealth Secretary said that, as his colleagues would be aware, he had made a statement in the House of Commons on 2nd March in connection with the purported declaration of a “republic” by the regime in Rhodesia. With a view to pre-empting action by the Afro-Asian bloc, the United Kingdom Permanent Representative at the United Nations, Lord Caradon, had requested a meeting of the Security Council and had tabled a Resolution in moderate terms. The African representatives, however, were attempting to defer the holding of a Security Council meeting; and the Secretary-General’s decision was not yet known. Since the attitude of the United States Government was likely to exercise considerable influence on those friendly countries which still maintained consulates in Rhodesia, he intended once again to
stress to the United States Ambassador the importance which we attached to the termination of consular representation in Rhodesia. He did not intend to give any publicity to this approach and asked that his colleagues should not refer to it in public. If they were questioned, they should say that the matter was still under consideration and should, if necessary, emphasise that the fact that a country still had a consular representative in Rhodesia did not mean that it recognised or approved the illegal régime.

The Foreign and Commonwealth Secretary said that the Pathet Lao offensive had now slowed down. The Laotian Prime Minister, Prince Souvanna Phouma, had appealed to the Co-Chairmen of the Geneva Commission; but it was unlikely that the Soviet Union would agree to any effective action.

The Foreign and Commonwealth Secretary said that, since the new President of Guatemala, General Arana, had not received an absolute majority as a result of the recent elections, the present President was likely to remain in office until about July, when General Arana’s election would have to be confirmed by Congress. The elections had been a disturbing factor from our point of view, since we had been making good progress with the outgoing Government in the delicate negotiations over Honduras. On the other hand the fact that the elections were now over would mean that there was less incentive for the parties to inflame public opinion on this subject or outbid each other.

The Foreign and Commonwealth Secretary said that the efforts of the outgoing Prime Minister, Signor Rumor, to form a Government had now broken down; and President Saragat had now asked the present Foreign Minister, Signor Moro, to conduct soundings with a view to the formation of a new Administration.

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

The Secretary of State for Wales said that the draft White Paper attached to C (70) 35 set out revised proposals for the reorganisation of local government in Glamorgan and Monmouthshire. These proposals were based on a comprehensive
study of socio-economic conditions in the two counties and took account of the view expressed by the Royal Commissions on Local Government in England and Scotland that the division between town and country ought to be ended for local government purposes. The draft White Paper incorporated amendments suggested by the Ministerial Committee on Local Government Reorganisation, which had approved his proposals as a basis for consultation with the local authorities concerned. The draft Green Paper attached to C (70) 32 had been amended in the light of discussion in the Ministerial Committee on Social Services. It followed closely the proposals in the Green Paper on the Future Structure of the National Health Service in England; the only important difference was that, in view of the small number of area boards in Wales, it was not proposed to have a regional health council there. The draft White and Green Papers dealt with related problems in Wales; and there would be advantage in publishing them together. He proposed that this should be done on 17th March, when he would make a statement in Parliament about both documents.

In discussion the point was made that it was proposed to publish a Green Paper on local government finance later in the year. Consideration would need to be given in that context to the question of responsibility for the rating function in Wales.

The Cabinet—
(1) Approved the drafts attached to C (70) 32 and C (70) 35, subject to any drafting amendments received by the Secretary of State for Wales in the course of the day.
(2) Invited the Secretary of State for Wales, in consultation with the Lord President of the Council and the Minister without Portfolio, to arrange for the White Paper on local government reorganisation in Wales and Monmouthshire and the Green Paper on the reorganisation of the Health Service in Wales to be published on or about 17th March, 1970.

4. The Secretary of State for Education and Science said that on 26th February the Ministerial Committee on Prices and Incomes had agreed that the Management Panel of the Burnham Committee should have authority to offer an increase of £85 overall from 1st April, 1970, on the understanding that this would be treated as a payment on account in advance of the restructuring settlement. During the negotiations in the Burnham Committee earlier in the
week he had been asked to meet both the Teachers' Panel and the Management Panel, who had reached complete deadlock. It was clear that the teachers would not agree to settle on the basis of the offer authorised by the Prices and Incomes Committee. He had accordingly consulted the Chancellor of the Exchequer, who had agreed that the Management Panel should be authorised to increase the size of the interim award on condition that the total cost of the new arrangement in 1970–71 would not exceed £42 million and that the payment in April would be regarded as a payment on account in relation to the restructuring settlement which was to be subsequently negotiated. As a result, the Burnham Committee had reached provisional agreement on the basis of an interim increase of £120 a year as an advance payment on account of a new settlement based on restructuring, which would be partially implemented from 1st January, 1971, but substantially so in April 1971 and would be staged if necessary into 1972–73. This agreement was subject to ratification by the teachers' associations; and discussions would begin as quickly as possible on the review of the restructuring of teachers' salaries based on 1969 salary levels. Meanwhile, the teachers' associations had undertaken to call off their strike action; and it was expected that all schools would be working normally in the following week.

The Chancellor of the Exchequer said that he had reluctantly accepted the Secretary of State's proposals on three conditions. These were that the cost in 1970–71 would not exceed £42 million; that the increase resulting from the final settlement, including the initial payment on 1st April, 1970, would not exceed 15 per cent; and that the final settlement would remain in operation until 31st March, 1972.

In discussion it was argued that the restructuring of teachers' salaries should be carried out by the National Board for Prices and Incomes rather than in the Burnham Committee. The general view, however, was that it would be unwise to seek to modify the agreement which had been provisionally reached after very great difficulties in the Burnham Committee. In further discussion it was suggested that the agreement reached in the Burnham Committee would seriously complicate the negotiations with the Scottish teachers, whose attitude would undoubtedly be more militant as a result of the increases which their counterparts in England had secured through strike action. When negotiations were resumed on the following day, the Scottish teachers could be expected to press for an increase well above the 15 per cent which the management side were authorised to offer.

The Prime Minister, summing up the discussion, said that the Cabinet noted the terms of the settlement which had been reached in the Burnham Committee and the conditions on which the
Chancellor of the Exchequer and the Secretary of State for Education and Science had given the Government's agreement to it. It was important to ensure that no misunderstanding about these conditions could arise, now or in the future, with the teachers or their representatives. The Secretary of State for Education and Science should accordingly circulate a note setting out the conditions on which he had given his agreement to the settlement reached in the Burnham Committee and the manner in which these had been made known to the teachers' representatives. He should also provide the Secretary of State for Scotland with any information which would help him to resist attempts by the Scottish teachers to use the agreement reached in the Burnham Committee as an excuse for increasing their own demands.

The Cabinet—

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

(2) Invited the Secretary of State for Education and Science—

(i) to circulate a note to members of the Cabinet about the settlement reached in the Burnham Committee on the lines indicated in the Prime Minister’s summing up; and

(ii) to provide the Secretary of State for Scotland with the information referred to in the Prime Minister’s summing up.

The Secretary of State for Social Services said that on the previous day the Ministerial Committee on Prices and Incomes (PI) had considered a pay claim by hospital pharmacists in the National Health Service (NHS) and had decided, against the advice of his representative, that the Government's offer should be limited to an immediate increase of 16 per cent, with no authority to concede 18 per cent if this appeared to be necessary in order to secure a settlement. The Cabinet should be aware that this offer was unlikely to be accepted and that, in that event, the essential services performed by the pharmacists might be withdrawn, with very serious effects on the NHS as a whole. It was for consideration, therefore, whether the Committee's decision should be modified.

In discussion the Cabinet were reminded that it lay with the Chairman of a Committee to invite the Prime Minister to consider whether an appeal to the Cabinet against the Committee's decisions could be allowed and that, in so doing, the Chairman would tend to be guided in the normal way by the general consensus emerging from discussion among the members of the Committee who were directly concerned rather than by a mere numerical majority of the Ministers.
who happened to be present on any particular occasion. The discussion in the PI Committee had been conducted on this basis; and it was important that a Committee dealing with such complex and interrelated issues should be seen to act with authority and conviction in discharging its essential task of maintaining the consistency of Government policy. Although the right of any Minister to appeal to the Cabinet must remain unimpaired, this should not become a means of seeking a reversal of a Committee's collective decision which happened to be not wholly compatible with individual Departmental interests.

The Prime Minister, summing up the discussion, said that he would consider whether further guidance should be provided to the Chairmen of Cabinet Committees on these issues. Meanwhile, the Secretary of State for Social Services should proceed to offer a pay increase on the basis approved by the PI Committee and, if that offer were rejected, should seek further guidance from the Committee, endeavouring to avoid a breakdown in the negotiations while he did so. He should also take such emergency measures as he might judge necessary against an interruption of the services provided by the pharmacists.

The Cabinet—

(3) Invited the Secretary of State for Social Services to be guided by the Prime Minister's summing up of their discussion in his further negotiation of the hospital pharmacists' pay claim.
however, to reach agreement with the CIM that the latter would
inform the firms concerned of the issues with which they intended to
deal in their consideration of the reference, thereby giving the firms
adequate opportunity to set out their case. If the CIM concluded
that a firm’s conduct had adverse effects on the public interest, they
would so inform the firm and give them a final, but limited,
opportunity of rebutting the conclusion.

The Prime Minister, summing up a short discussion, said that
the Cabinet agreed with the proposals by the First Secretary.
Coupled with her revised proposals for defining more closely in the
Bill the scope of references to the Commission, they should go a long
way to meet the fears of the CBI. It was important, however, that
the opportunity to provide additional evidence to rebut the adverse
finding should not be allowed to reopen and unduly prolong the
enquiry.

The Cabinet—
(1) Endorsed the proposals in paragraph 7 of C (70) 38.

The First Secretary of State said that the CBI feared that the
extensive powers to be continued by the Bill might be invoked
following less considered and exhaustive enquiries than those by the
Monopolies Commission; in particular they were afraid that the
proposed price control powers might be far more freely used than
under the existing monopolies legislation. The proposals already
included a new safeguard under which the price control power
could be used only where the CIM found that the firm was in effect
abusing its market power. It might be appropriate, however, to
provide also that, where a reference was confined to whether a
specific price increase was justified, the only power which could
subsequently be exercised would be that of price control within a
period of 18 months following receipt of the report. The full powers
would remain available in respect of other types of reference.

The Cabinet—
(2) Endorsed the proposals in paragraph 8 of C (70) 38.

The First Secretary of State said that the Cabinet had agreed
previously that, while enquiries might be held by panels, reports
should be made by the Commission as a whole; unanimity would
not be required, but those powers affecting the basic structure of
an industry should not be invoked unless two-thirds of the members
of the Commission subscribed to the relevant findings. The CBI
did not raise this point. Moreover, the two-thirds majority was
now only required where a reference was dealt with by a panel of

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the Monopolies Commission. As the reports would in future be made by the Commission as a whole, there appeared to be no need to apply the rule to the CIM. However, if the point were pressed during passage of the Bill through Parliament, the possibility might be considered of providing that the powers to require disinvestment and to prohibit new acquisitions could not be exercised if a third of the Commission dissented from the conclusions of the report.

In discussion it was argued on the one hand that the two-thirds rule was a necessary safeguard in view of the extended field in which the powers would in future apply, and that lack of such a provision might make passage of the Bill through Parliament more difficult. On the other hand, it was argued that the powers in the new Bill would be more limited than those in the existing monopolies legislation, while the requirement that the Commission as a whole should submit the report would ensure consistency between the standards applied to particular references. In further discussion attention was drawn to the need for the Chairman to establish from the start that the full Commission would not go over the ground already traversed by a panel.

The Prime Minister, summing up the discussion, said that the general view of the Cabinet was that the two-thirds rule need not be included in the Bill as presented to Parliament. The Cabinet agreed, however, that, if there were pressure for its inclusion during the passage of the Bill, they would reconsider the matter.

The Cabinet—
(3) Took note, with approval, of the summing up of the discussion by the Prime Minister.
(4) Agreed that the two-thirds rule should not be included in the Bill as presented to Parliament.
(5) Invited the First Secretary to report to the Cabinet if there were pressure for the provision to be included during the passage of the Bill.

The First Secretary of State said that both the CBI and TUC disliked the concept that the CIM should be required, by means of a "general consideration" order, to have regard to the prices and incomes policy of the time as expressed in the current White Paper. On the other hand the National Board for Prices and Incomes had pressed her strongly to retain such a provision, arguing that, if the Government were seeking to implement an incomes policy, the Commission must work within that framework and could not be left free to develop an alternative framework of their own. She accepted this argument. Dropping the provision might give the impression that the Government were finally abandoning the attempt to maintain a prices and incomes policy in
the years ahead. Moreover, if the provision were dropped, it would be necessary to redraw the definition of the public interest currently embodied in section 14 of the Monopolies and Restrictive Practices (Inquiry and Control) Act, 1948 in order to ensure that it covered the objectives of the Government’s prices and incomes policy. The annex to her paper illustrated the difficulty of such redrafting.

In discussion it was argued that re-enacting the provision enabling the Prices and Incomes White Paper to be scheduled to the Bill would provoke opposition on both sides of Parliament. It would also lead to pressure for the Government to seek Parliamentary endorsement of new White Papers as they appeared. Moreover, it was inappropriate to require the Commission, which would be undertaking major long-term enquiries into industrial structure, to have regard to changing Government policies in relation to one particular aspect of company behaviour.

In further discussion it was urged that, even if the White Paper were not to be scheduled to the Bill, only the minimum amendments—beyond those necessary to include services—should be made to the definition of public interest in Section 14 of the 1948 Act. There were serious deficiencies in the redraft annexed to C (70) 38, particularly in sub-paragraphs (c), (d) and (e).

The Cabinet—

(6) Agreed that no provision should be made in the forthcoming Bill for “general considerations” Orders.

(7) Invited the First Secretary of State to circulate to the Ministerial Committee on Industrial Policy a draft definition of the public interest revised on the lines indicated in the discussion.

The First Secretary of State said that the TUC were opposed to the application to pay claims and settlements of reserve provisions for prior notification, though they accepted that such provisions should apply to price increases and dividends. The obligation would, however, fall on the employers and not on the trade unions. This reserve power formed an essential background to any attempt to influence the course of pay negotiations and price increases. She recommended that it be included in the legislation.

In discussion it was argued that it would be inappropriate to apply a requirement to notify claims, etc., to the public services; penalties should not be applicable to Whitley Councils or departmental employers.
The Cabinet—
(8) Endorsed the proposal to include in the forthcoming Bill reserve provisions to enable the Government to require prior notification of pay claims and settlements, price increases and dividends.

(9) Invited the First Secretary of State, in consultation with the Secretary of State for Social Services and the Lord Privy Seal to give further consideration to the applicability of such provisions to the public services.

The First Secretary of State said that the only legal requirement falling on trade unions in the Bill would be to provide information if the Commission required it in connection with a reference. This was a standard provision already incorporated in the legislation on both monopolies and prices and incomes. It was clearly essential; and no distinction could be drawn between trade unions on the one hand and firms and all other organisations on the other.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that provisions for requiring attendance and the supply of information to the Commission should be included in the legislation. Care would, however, need to be taken in drafting the relevant clauses of the Bill; and the Legislation Committee should pay particular attention to this when the Bill came before them.

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

(11) Agreed that provisions for requiring attendance and the supply of information to the Commission should be included in the legislation.

The Cabinet—
(12) Agreed to defer consideration of whether the judiciary should be included within the scope of the proposed Panel until they considered C (70) 37.

The Prime Minister said that he understood that the First Secretary, after consultation with the Chancellor of the Exchequer, was not now proposing to include in the Bill any new provision to control foreign takeovers. In the past the Cabinet had been advised that the existing powers were inadequate in certain respects and could only be invoked where adverse effects relevant to the Exchange Control Act were anticipated. Provision should be made in the Bill unless it were clear that the existing powers would enable the Government to prevent any undesirable foreign takeover.
In discussion it was argued that the doubts about the adequacy of the powers under the Exchange Control Act which had given rise to concern in 1966 and 1967 had since been resolved. If any takeover would be disadvantageous to the United Kingdom economy, it could be argued that there were longer-term disadvantages to the balance of payments outweighing any short-term benefits; and the use of the Exchange Control Act could be justified accordingly. The matter had been examined by the Attorney-General, in consultation with the Treasury officials; and, on the basis of the Treasury view that in all cases likely to arise it would be possible to find balance of payments justification for the use of those powers, the Attorney-General had concluded that the doubts expressed on that score could be discounted.

The Cabinet—
(13) Agreed that no provision for additional controls on foreign takeovers should be included in the forthcoming Bill.

CONFIDENTIAL

6. The Chancellor of the Exchequer informed the Cabinet that Bank Rate was being reduced that day from 8 per cent to 7½ per cent.

The Cabinet—
Took note of the statement by the Chancellor of the Exchequer.

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*7. The Cabinet considered a memorandum by the Lord Privy Seal about a recent claim for a substantial central pay increase covering the great majority of non-industrial civil servants (C (70) 39).

The Lord Privy Seal said that a majority of the Prices and Incomes Committee had not been prepared to agree to the proposals which he had put before them for settling the recent claim by the National Staff Side (NSS) for a central pay increase. His proposal for an offer of an increase of up to 8 per cent from 1st April, 1970, which would broadly bring rates of pay into line with those outside the Civil Service, should be considered against the background of the procedure for settling the pay of non-industrial civil servants and of the actual settlements made in recent years. Rates of pay were determined at regular intervals by comparison with the medians of rates being paid for similar jobs outside the Civil Service and

* Previously recorded in a Confidential Annex.
between these determinations there had been "topping-up" increases. It followed from this procedure that the pay of civil servants in normal times only reached a par with outside pay at the time when a new settlement operated and thereafter lagged progressively behind. But in recent years with the pay freeze and the subsequent staging of pay settlements, Civil Service pay had remained continuously below the levels for comparable outside jobs. Moreover, the decision to stage recent Civil Service pay increases involved a unilateral breach by the Official Side of the Civil Service pay agreements. In the light of these developments and of the recent large pay increases agreed for others in both the public and private sectors, civil servants were becoming increasingly disillusioned and militant. He fully recognised the importance of preserving the rule that 12 months should elapse between one pay settlement and the next. For the great majority of the staff covered by the claim this would rule out any operative date before 1st July, 1970. However, in view of the breaches of the rule which had recently occurred in relation to the pay of teachers, nurses and particularly of Post Office employees, who had until recently an identical pay history with the Civil Service, there would be the greatest difficulty in attempting to preserve it now in the Civil Service. It could, in any event, be argued that a payment now would be only on account of a full settlement next year and was not therefore in breach of the 12 months’ rule. Over the coming months the co-operation of the Civil Service was required in order to introduce changes in structure and new methods of working and this co-operation would not be achieved in the absence of a reasonable settlement. The leaders of the Civil Service unions were already facing serious difficulties with the more militant of their membership who had not failed to notice that in recent months militancy had paid handsomely. If a settlement could be reached quickly, and was in operation before the coming union conferences, there was a good chance of settling at a reasonable level. The experience with teachers had shown that delay and unrealistic offers could in the end lead to a more expensive settlement as well as a worsening of relations. He therefore asked for agreement that he should be authorised to make an offer of up to 8 per cent effective from 1st April, 1970. He would, of course, seek to secure a settlement for a smaller increase; and, in particular, he would aim to settle for less for those whose pay was last brought into line by fair comparison on 1st January, 1969, than for those whose pay was so adjusted on 1st January, 1968. Such a settlement would be more easily reached if it were agreed that there should in future be a two-year instead of a three-year pay research cycle, and that the next central pay settlement should take effect from 1st January, 1971.
The Prime Minister said that there were some signs that a new spirit of militancy was developing in the Civil Service. As Minister for the Civil Service he endorsed the Lord Privy Seal’s views on the need to ensure that Civil Service pay did not fall too far out of line with the levels for comparable outside posts.

In discussion it was strongly urged that the Government should not themselves act in breach of the generally accepted 12 months’ rule. If they did so the consequences for pay in the private sector would be extremely serious. The rule was not simply a general point of principle, but a matter of the greatest practical significance. The increases granted in recent pay settlements presented a very serious problem of demand management. But if, in addition, those who had accepted more modest settlements towards the end of last year were now to demand immediate further increases to bring them into line with recent levels the problem of managing the economy would become well nigh impossible. Fortunately, despite some breaches the 12 months’ rule had broadly survived. It would be much better for the Government to pay a larger increase—say 10 per cent from 1st July next—than to breach the rule.

On the other hand it was argued that repetition of the recent teachers’ pay dispute in the Civil Service would have the most damaging consequences. If the Civil Service unions were prepared to take industrial action on a wide front the Government would be compelled to reach an early settlement. The Government’s capitulation in such circumstances would be far more damaging than a breach of the 12 months’ rule. It would not be possible, given the present mood of the unions and the approach of their conferences, to postpone negotiations until May, and it was unrealistic to expect that the operation of a settlement agreed now could be postponed until July.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the Lord Privy Seal should have authority to settle the claim by the National Staff Side with an increase of not more than 8 per cent with effect from 1st April, 1970. The Lord Privy Seal would aim to settle below this limit if he could.

The Cabinet—
Invited the Lord Privy Seal to be guided by the Prime Minister’s summing up in his negotiations with the National Staff Side on a central pay increase.
8. The Cabinet considered a memorandum by the Minister of Agriculture on rabies (C (70) 42).

The Minister of Agriculture said that the case of rabies in a dog at Newmarket had shown how little was known about this disease, which was spreading rapidly in Europe. After the cases at Camberley and Folkestone in the previous year the period of quarantine had been extended from six months to eight; but the recent case had occurred almost nine months after the dog concerned had arrived in this country from Pakistan. He therefore recommended that there should be a high level inquiry into our defences against rabies, with broad terms of reference covering both policy and administration; he suggested that Mr. Ronald Waterhouse, QC, would be a suitable chairman. It was also for consideration whether pending the results of the inquiry, which might take seven or eight months, we should strengthen our defences against the disease by banning the import of dogs, cats and other susceptible animals from countries where rabies was endemic or by extending the period of quarantine, preferably to one year, or by combining both these measures. A complete ban would probably be generally endorsed; but would cause hardship to people serving abroad who had taken pets with them; it might encourage smuggling; and it would also bring considerable commercial hardship to quarantine kennels. Extending the period of quarantine, on the other hand, would strain the capacity of the kennels; and the Government would be expected to pay the additional costs thereby incurred. Moreover, since the incubation period of the disease was not known with certainty, there was the risk that any period chosen would prove insufficient. Whatever conclusions were reached he would propose to announce in the House of Commons at an early date, probably in reply to a Written Question.

In discussion there was general acceptance of the proposal for an inquiry. Some concern was expressed about the hardship which the proposed interim measures might cause to animal lovers serving abroad; but the general view was that the seriousness of the situation warranted a complete ban on imports of susceptible animals from countries where rabies was endemic, coupled with an extension of the quarantine period for animals now in quarantine to 12 months pending the results of the inquiry. It was argued, however, that there was no reason why the cost of extended quarantine should fall on public funds.

The Prime Minister, summing up the discussion, said that the Cabinet approved the proposal for a high level inquiry by a committee which should include a doctor or virologist of national repute. They also agreed that, pending the results of the inquiry,
there should be a complete ban on the import of susceptible animals from areas where rabies was endemic and that the period of quarantine should be extended to one year. The Cabinet were not at present prepared to agree that the cost of extended quarantine should be met from public funds, though this question could be further considered by officials of the Treasury and the Ministry of Agriculture, Fisheries and Food. The Cabinet authorised the Minister of Agriculture to announce these decisions in the House of Commons.

The Cabinet—
(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.
(2) Invited the Minister of Agriculture to institute an inquiry into our defences against rabies on the lines indicated in the Prime Minister’s summing up.
(3) Agreed that, pending the results of the inquiry, there should be a complete ban on the import of susceptible animals from areas where rabies was endemic and that the period of quarantine should be extended to one year.

Cabinet Office, S.W.1,  
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 12th March, 1970,
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 Item 6)
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. 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. JUDITH HART, M.P., Minister of Overseas Development
(Item 3)
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
(Item 1)
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General (Items 1 and 2)

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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 Lord President of the Council said that the Cabinet had agreed on 5th February that Government time should be provided for the Deer Hunting and Hare Coursing Abolition Bill. Although there was widespread support for the Bill's objectives, the opposition to it was very well organised; and it now appeared unlikely that the Bill would be passed in the House of Commons unless the Government took it over. The House of Lords would almost certainly reject the Bill in any case but this was not in itself an argument against adopting it as a Government measure.

The Cabinet—

Agreed that the Deer Hunting and Hare Coursing Abolition Bill should be adopted as a Government measure.

2. The First Secretary of State said that the Cabinet had agreed on 5th March that provisions for requiring attendance and the supply of information should be included in the legislation setting up the Commission for Industry and Manpower (CIM); but in view of the problems arising from the application of such requirements to trade unions they had asked that particular attention should be paid to the drafting of the relevant clauses in the Bill. In the light of further consideration and of discussion in the Legislation Committee on 10th March, she had come to the conclusion that the best course would be to omit from the Bill any provision for proceedings against trade unions and other unincorporated bodies. This would be in line with the existing legislation on monopolies. Its effect would be that proceedings could be taken against individual trade union officials for failure to appear before or supply information to the CIM but not against trade unions as such.

In discussion it was suggested that the provisions relating to attendance and the supply of information should be applied without discrimination to all organisations, whether incorporated or not. It was questionable whether a trade union official acting on behalf of his union ought to be made liable to proceedings which could not be taken against the union. Moreover, some employers' organisations were unincorporated; and, if the First Secretary of State's proposals were accepted, these organisations would be exempted from the requirement to supply information to the CIM. The provisions of
the Bill should be made to apply to all unincorporated bodies, though this need not involve any mention of trade unions as such. On the other hand it was argued that the provisions in the legislation on monopolies had proved quite satisfactory; and there was no reason to believe that the omission of any reference to unincorporated bodies would give rise to any difficulty in practice.

In further discussion it was pointed out that the Legislation Committee had left open for further consideration the question whether the remuneration of members of the Northern Ireland Parliament should be brought within the scope of the Bill. In view of the United Kingdom Government’s responsibilities in this regard, there was a strong case for doing this; and it should be acceptable to the Northern Ireland Government.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the CIM Bill should not include any provision for proceedings against unincorporated bodies. They agreed that the remuneration of Northern Ireland Ministers and Members of the Parliament of Northern Ireland should be brought within the scope of the Bill; and that the CIM should submit any reports on such remuneration to the Prime Minister of the United Kingdom.

The Cabinet—

Invited the First Secretary of State to arrange for the draft Commission for Industry and Manpower Bill to be amended on the lines indicated in the Prime Minister's summing up of their discussion.

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3. The Foreign and Commonwealth Secretary said that when the Cabinet had last discussed butter and cheese imports from the Irish Republic, they had concluded that we should adhere to the attitude which we had adopted and make it clear to the Irish Government that we intended to do so, while allowing them time for second thoughts. Action had been taken accordingly. On 11th March the Irish Ambassador had informed the Chancellor of the Duchy of Lancaster that our offer was unacceptable and, in the view of the Irish Government, contrary to the spirit and intention of the Anglo-Irish Free Trade Agreement. The Ambassador had said that the Irish Government were not prepared to operate a voluntary restraint scheme for cheese imports; and were ready to take the consequences of their refusal to accept our offer. On 10th March the Prime Minister of the Irish Republic, Mr. Lynch, had written to the Prime Minister on similar lines. The British Ambassador in Dublin had reported that the reaction of the Irish Government to our decision to maintain our original attitude and impose countervailing duties if necessary had been such that, if we persisted
in that decision, we might forfeit the degree of co-operation which we might otherwise hope to obtain from the Government of the Republic in dealing with the sensitive problem of Northern Ireland. Even so, it would probably be right, on balance, to adhere to our original decision. Our offer had been a generous one; and the Irish Republic had fared better than any of our suppliers including our major ones, for example Australia and New Zealand. It was true that the Irish Minister responsible for the butter and cheese negotiations, the Minister of Agriculture, Mr. Blaney, had taken an outspokenly nationalist line over Northern Ireland; and no doubt his views on the latter issue had coloured his attitude on the former. But we had some reason to believe that the intransigent line he advocated was actively supported by only a few of his colleagues in the Irish Cabinet; and it had been suggested that, if we could make a small—and unpublicised—addition to the proposed cheese allocation this might tip the scale. If this was in fact the case, the possibilities would be worth investigating. But it did not seem a very satisfactory way of handling the problem; and his recommendation was that we should stand firm on our existing offers.

In discussion it was pointed out that the facts did not support the Irish contention that our proposals represented a breach of the letter or spirit of the Anglo-Irish Free Trade Agreement; nor did our proposals conflict with our other international obligations. Irish exports of butter and cheese were subsidised to an extent which clearly justified the imposition of countervailing duties. While it was recognised that there might be political advantage in not providing Mr. Blaney with a grievance which he could exploit to our detriment in the context of Northern Ireland, there was no certainty that concessions would have the effect we desired or that the Irish would not draw the conclusion that obduracy paid. Our final offer had been generous in relation to our treatment of other suppliers. To go any further would land us in serious difficulties with the latter; aggravate the problem of the disposal of surpluses; and endanger the stability of the British market.

The Prime Minister, summing up the discussion, said that while full weight had to be given to the wider political considerations arising out of our current problems in Northern Ireland, the Cabinet were clearly in favour of standing by our offer. We should accordingly proceed on these lines, bearing in mind the desirability of presenting our case in the most favourable light possible.

The Cabinet—

Took note, with approval, of the Prime Minister's summing up of their discussion.
4. The Foreign and Commonwealth Secretary said that the Chinese authorities had recently arrested and detained the masters of two British merchant ships belonging to the Blue Funnel Line and the Glen Line. In the former case the owners had not wished us to take any drastic action, since it was thought that the arrest had been made by the local authorities in Shanghai and that there was a possibility that their action might be disowned by Peking. Representations had however now been made in regard to both cases by our Chargé d'Affaires in Peking; and the Foreign and Commonwealth Secretary were now considering whether to reinforce these by a parallel approach to the Chinese Chargé d’Affaires in London.

The Cabinet—

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

The Foreign and Commonwealth Secretary said that our efforts to induce friendly Powers to close their consular Missions had met with considerable success. Only six countries now had consular representation in Rhodesia, namely South Africa, Portugal, Greece, Belgium (who had only an honorary Vice-Consul in Bulawayo and no representative in Salisbury), Germany (whose Consulate was concerned only with questions of compensation for victims of the Nazi régime) and Switzerland (who in view of her neutral status was a special case and who was in any event reviewing her position).

The Prime Minister said that during the visit of the German Chancellor, Herr Brandt, to London, he had raised with him the question of the German Consulate in Salisbury. He had indicated to him that we should raise no objection to continued German representation in Salisbury if it were made clear that this was concerned exclusively with questions relating to compensation. Some further pressure on Greece would no doubt be required; but meanwhile the Cabinet would wish to congratulate the Foreign and Commonwealth Secretary on the results which had so far been achieved.

The Cabinet—

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

The Foreign and Commonwealth Secretary said that the Security Council of the United Nations would shortly be meeting to consider the draft resolution on Rhodesia tabled by us and also an African resolution. The latter was less satisfactory than our own draft, in that it called inter alia for a severance of communications with Rhodesia and also for the extension of sanctions to South Africa.
and Portugal. On the latter point our position was clear: we could not support a resolution which included it. But if the Africans, to whom our attitude on this question was well known, were to decide to drop this proposal in favour of a resolution calling only for communications sanctions, we should be in a much more difficult position.

In a brief discussion the point was made that it would be desirable, if time and developments in the United Nations permitted, for our attitude to any draft resolutions which might come before the Security Council to be considered by Ministers. But if this were not possible, sufficient guidance was already available to our Permanent Representative at the United Nations, Lord Caradon, whose instructions had been drafted in the light of the Ministerial discussions which had already taken place.

The Cabinet—

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

The Foreign and Commonwealth Secretary said that the recent attempt on the life of the President of the Republic of Cyprus, Archbishop Makarios, had most probably been made by extremist elements of the Greek Cypriot National Front. Fortunately it had not exacerbated relations between Greece and Turkey.

The Foreign and Commonwealth Secretary said that the Soviet Union had failed to respond to our appeal to them, as co-Chairmen of the Geneva Conference, to engage in consultations with the other signatory Powers. They had instead suggested direct talks between the respective leaders of the Royal Laotian Government and the Pathet Lao. There were some indications that such talks might in fact take place.

The Foreign and Commonwealth Secretary said that there had been a violent attack on the North Vietnamese Embassy in Phnom Penh. It was unlikely to be purely coincidental that this attack had occurred six years to the day after the similar attack on the British Embassy and that it took place during the absence abroad of the Cambodian Prime Minister, Prince Sihanouk.

The Foreign and Commonwealth Secretary said that as he had informed his colleagues, the South African Ambassador had recently come to see him about the Anglo-South African agreement on the naval base at Simonstown and about our refusal to supply Wasp helicopters to the South African Government. He had now returned
a substantive reply to the Ambassador's representations, making the point that we attached importance to the Simonstown Agreement which we regarded as still being in force. With regard to Wasp helicopters, we did not accept the South African contention that our refusal to supply was in breach of our previous understandings with the South African Government.

The Cabinet—

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

5. The Cabinet considered a memorandum by the Foreign and Commonwealth Secretary and the Defence Secretary (C (70) 43) proposing that we should offer to reopen negotiations on the terms of our aid to Malta covering the five-year period from 1st April, 1969, and should be prepared to provide up to 75 per cent in the form of a grant.

The Foreign and Commonwealth Secretary said that in 1964 it had been agreed that aid over the five-year period ending 31st March, 1969, should be in the form of 75 per cent grant: 25 per cent loan. The appropriate percentages over the next five-year period were left for later discussions. We were committed to making available £23 million of aid during this period and the Cabinet had previously agreed that 50 per cent should be in the form of a grant. The maximum cost of the concession he now advocated was, therefore, that 25 per cent of £23 million, or £5.75 million, would be available as a grant over the five-year period ending on 31st March, 1974. Since our offer of a 50 per cent grant had been made, negotiations had been at a standstill; and it would be highly undesirable for the deadlock to remain unresolved over the election period in Malta. The question would become an election issue; and, whatever view was taken about the outcome of the elections or about the possible effect of the aid dispute on its outcome, we would be worse off than if we had reached agreement beforehand. The political and military stakes were high. A breach with Malta might not only cause difficulties for us; it would dismay our North Atlantic Treaty Organisation (NATO) allies and might eventually lead to a situation in which the base was not merely denied to NATO but was made available to the Soviet Union. Such developments would provoke strong criticism within NATO of our handling of the problem and would finally frustrate our long-term aim of associating Malta more closely with NATO.

The Defence Secretary said that there were two main reasons for departing from the decision which the Cabinet had made in May 1969. First, the hope that the Maltese Prime Minister, Dr. Borg Olivier, would accept the 50 per cent offer had proved
unfounded; and his position was bound to harden as elections approached. Secondly, the coup in Libya, although it had eliminated a national commitment which required the use of Malta, now opened up the prospect of a situation in which Soviet influence could be dominant in all the countries on the southern shores of the Mediterranean, with obvious consequences not only for the Mediterranean members of the Alliance but also for Israel. This danger had sharpened NATO’s fears for the future in Malta. If Mr. Mintoff won at the next elections—and he would certainly make good use of the absence of an aid agreement with us against Dr. Olivier—he would, at best, demand a high price for our continued presence; and at worst might break with NATO completely, with the gravest strategic consequences to NATO’s position.

In discussion it was argued, in favour of the proposals in the paper, that the consequences of harassment of our forces in Malta, which—though it had not so far materialised—was still a real possibility, would be such as to outweigh, in cost alone, the value of the concession now proposed. We also enjoyed a very large favourable trade balance with Malta which a dispute could endanger. The right course, therefore, was to reopen negotiations, making minimum concessions in the first instance, but empowering our negotiators to go up to the full 75:25 ratio if agreement could not otherwise be obtained. Against these arguments it was suggested that the changes which had occurred since May 1969 were not such as to warrant a reversal of the Cabinet’s considered reaffirmation of the 50 per cent offer. The Malta economy was prospering; and to make a further concession now would savour of weakness, leaving us the more likely to be subjected to further pressures. Even if we agreed improved terms with Dr. Olivier’s Government, we might still find ourselves faced with a victorious Mr. Mintoff after the elections, in which case we should have thrown away a good negotiating card in what might be regarded as an unsuccessful attempt to influence the elections in favour of his opponent.

The Prime Minister, summing up the discussion, said that by a narrow majority the Cabinet was in favour of adhering to the decision made in May 1969 not to go beyond an offer of aid on the basis of 50 per cent grant:50 per cent loan. The decision was, however, finely balanced; and the Foreign and Commonwealth Secretary and the Defence Secretary should feel free to reopen the question if there was any material change in the political or military situation.

The Cabinet—

Took note, with approval, of the Prime Minister’s summing up of their discussion.
6. The First Secretary of State said that in a circular dated 4th March the General Secretary of the National Union of Teachers (NUT) had stated that the NUT Executive confidently expected that in the forthcoming negotiations on a new pay structure the union’s negotiators would succeed in securing further increases which would ensure that every teacher would receive an increase of at least £135 in the year ending 31st March, 1971. The circular drew attention to the fact that the agreed Press statement issued after the Burnham Committee’s meeting on 3rd March contained a reference to the fact that “not less than £42 million” would be available for salary increases. The circular went on to say that in the year ending 31st March, 1972, not less than £84 million would be available and that it would be the task of the NUT’s negotiators to ensure that this figure was substantially exceeded in the coming negotiations. The line taken in the NUT circular was disturbing; and it was difficult to reconcile with the report on the terms of the settlement reached in the Burnham Committee which the Secretary of State for Education and Science had circulated following the discussion in the Cabinet on 5th March.

The Prime Minister, summing up a brief discussion, said that the matter could not be carried further for the moment, since the Secretary of State for Education and Science was not present. Nevertheless, the Cabinet were concerned about the apparent discrepancy between the line taken in the NUT circular and the report of the Secretary of State on the terms of the agreement reached in the Burnham Committee on 3rd March. The NUT circular would give rise to grave embarrassment in the negotiations with the Scottish teachers, which were to be resumed on 20th March. The Chancellor of the Exchequer should discuss the position urgently with the Secretary of State for Education and Science, in consultation with the First Secretary of State and with the Secretary of State for Scotland, who had been asked by Scottish teachers to intervene in the negotiations on their wage claim and would have to reply to this invitation very shortly. He would ask the Secretary of State for Education and Science to return to London for this purpose as soon as possible.

The Cabinet—

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

(2) Invited the Chancellor of the Exchequer, in consultation with the First Secretary of State and the Secretary of State for Scotland, to consider urgently with the Secretary of State for Education and Science the apparent discrepancy between the NUT circular and his own report on the terms of the agreement reached in the Burnham Committee on 3rd March.
7. The Prime Minister said that he had seen Mr. Plumb, the President of the National Farmers’ Unions (NFUs) that morning. Mr. Plumb had indicated that if the Government’s present offers were increased by about £15 million the NFUs might be able to reach an agreed settlement. Agreement would not be possible for any smaller sum. According to Mr. Plumb, the bonus incentive scheme for brucellosis-free herds would not help the great majority of dairy farmers and he had asked for an increase of 2½d. per gallon on the milk price. The Minister of Agriculture had indicated that the Government might be able to offer an additional 2d. per gallon if the farmers accepted the review with reasonable grace. Mr. Plumb had said that the proposed capital grants scheme was not particularly attractive, partly because the farmers had not found investment profitable recently and partly because capital improvements accrued to the landlords of tenant farmers. Mr. Plumb had referred to the expected shortage of potatoes in the current season and had suggested that a somewhat larger increase in the guaranteed price for potatoes than that proposed by the Government would avoid a repetition of this shortage next year. He had gone on to argue that an increase in the guaranteed price would not involve any additional cost to the Exchequer because of the relation between guaranteed and market price.

The Minister of Agriculture said that, throughout the negotiations with the NFUs, he had kept strictly within the limits agreed by the Cabinet when they had previously discussed the Farm Price Review. He considered that it would be desirable to offer an increase of 2d. per gallon on milk in order to meet the serious problems of small dairy farmers, even though such an increase would involve offering less than was desirable on other commodities in order to keep within the agreed total commodity determination of £52 million. Such an increase in milk prices for the farmers, together with forthcoming increases in milk distributors’ margins, would lead to an increase in the retail price of milk from 1st October, 1970.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed to a settlement on the lines indicated by the Minister of Agriculture—including an increase of 2d. per gallon on milk—which was consistent with the Cabinet’s earlier decision. The Minister of Agriculture would give further consideration to the date from which the consequent increase in retail milk prices should operate, bearing in mind that Ministers had not collectively agreed to any increase in milk distributors’ margins. The Agriculture Ministers should also consider further with the Chief Secretary
whether some additional increase in the guaranteed price for potatoes could be offered without risk of increasing the Exchequer cost. If so, the Cabinet were prepared to authorise such an increase even though it involved a small addition above the £52 million previously decided as the total value of the commodity determinations. The White Paper reporting the outcome of the Farm Price Review should be circulated to the Cabinet prior to its publication in the following week.

The Cabinet—

1. Invited the Minister of Agriculture—
   a. To be guided by the Prime Minister's summing up of their discussion in settling the 1970 Farm Price Review.
   b. To circulate copies of the White Paper reporting the outcome of the Farm Price Review to the Cabinet before its publication in the following week.

2. Invited the Minister of Agriculture and the Chief Secretary, Treasury, in consultation with the Home Secretary, the Secretary of State for Scotland and the Secretary of State for Wales, to consider further on the lines indicated by the Prime Minister in his summing up, whether a further increase in the guaranteed price for potatoes should be offered.

SECRET

8. The Cabinet considered memoranda by the Lord Chancellor about the salaries of the higher judiciary (C (70) 6 and 37) and memoranda by the Lord Privy Seal about the pay of the Higher Civil Service (C (70) 40) and about salaries of chairmen and members of nationalised industry Boards (C (70) 41).

The Lord Privy Seal said that his proposals on salaries for the nationalised industry Boards and for the Higher Civil Service were linked in the sense that the Government had issued statements of policy in the previous year in similar terms in relation to the report of the National Board for Prices and Incomes (NBPI) on the former and to the Plowden Report on the latter; and there was a clear presumption that the two reports would be treated similarly. For the nationalised industries Stage 1 of the total increases proposed by the NBPI had been implemented on 1st April, 1969. He now proposed that Stage 2, involving an average increase of 9–10 per cent, should be implemented on 1st April, 1970, and that at the same time the Government should announce their intention of

* Previously recorded in a Confidential Annex.
implementing Stage 3—a further 8½—9 per cent on average—on 1st April, 1971. The Government had accepted a year ago that the total proposed increases were justified. Since then salary settlements had been running at an unusually high level; and it was clear that rewards in the public sector were again falling substantially behind those in the private sector. In general, incomes policy might be said to have become a good deal more flexible since the middle of the previous year. Meanwhile, the salary structure within the nationalised industries remained unsatisfactory: for example, air pilots were being paid more than members of the Boards of the Airways Corporations. While it would be possible, if it were thought desirable for presentational reasons, to pay the remaining increases in three shorter stages instead of two annual stages, he would not recommend such a course.

The Higher Civil Service was entitled to the same treatment as the chairmen and members of the Boards of nationalised industries. Successful implementation of the proposals for restructuring the Civil Service, with a unified grade structure extending to the top, would require the full co-operation of the Staff Side. The latter had made clear to him very recently their close concern in the early implementation of the salary increases proposed by the Plowden Committee. There would be an additional complication in the compression of the pay differentials between Assistant Secretaries and Under-Secretaries if the full pay increases proposed by the Plowden Committee for the latter were unduly delayed.

The Lord Chancellor said that he had been asked for a salary increase last December by the Judges; and he had informed them that he would be prepared to put forward proposals for an increase strictly within the prices and incomes guide-line and therefore amounting to 3½ per cent per annum over the four years since their salaries were last increased. Apart from Members of Parliament no one else had had to wait four years for an increase in salary; and it was impossible satisfactorily to explain to the Judges why they should have to do so. It should be borne in mind that the last increase for Members of Parliament had been no less than 90 per cent as well as Government contributions to their pensions. The higher judiciary on the other hand had received an increase of merely 20 per cent in 1966; and that was only the second increase they had received since 1832.

In discussion it was suggested that any increase in the salaries of the higher judiciary should, in principle, be effected by stages, as in the case of the Higher Civil Service and the Boards of nationalised industries and that consideration should therefore be given to appropriate Stage 2 and 3 increases, reckoning the Lord Chancellor's
present proposals as Stage 1. On the other hand there would be
great difficulty in securing the agreement of the House of Commons
to an increase in pay for the higher judiciary at the present juncture,
notwithstanding that the increase could be effected by Order and
would not require legislation and that the increasing public concern
about the enforcement of law and order would probably make it
easier to secure acceptance of the large amounts proposed. It would
be preferable to seek to relate the timing of any increase for the
Judges to the likely timing of a further increase in the pay of
Members of Parliament. It might therefore be desirable to postpone
any increase for the Judges, together with the implementation of
Stage 2 of the increases for the nationalised industry Boards and
for the Higher Civil Service until 1st January, 1971. Meanwhile,
discussions might be opened with the Judges about the size and
timing of a three-stage increase on the lines of those for the Higher
Civil Service and nationalised industry Boards.

On the other hand it was argued that it would be impossible
to explain to the Judges why they alone—apart from Members of
Parliament—should be asked to wait still longer for a much overdue
increase in salary. They would justifiably see no legitimate
connection between their pay and that of Members of Parliament.
In any event it would be wise to terminate the relativity between the
remuneration of the Judges and that of the Higher Civil Service and
to arrange henceforward for any further increase in Judges' pay
beyond the amounts currently proposed by the Lord Chancellor to
be based, like the pay of other classes, on a thorough evaluation by
the Commission for Industry and Manpower.

The Foreign and Commonwealth Secretary, summing up the
discussion, said that the Cabinet agreed, on balance, that the salaries
of the English Judges should be increased as proposed by the Lord
Chancellor in C (70) 6. Corresponding increases would be required
in the salaries of the higher judiciary in Scotland and Northern
Ireland. They agreed the Lord Privy Seal's proposal that Stage 2
of the increases for members of nationalised industry Boards and
for the Higher Civil Service should take effect from 1st April, 1970,
and 1st July, 1970, respectively and that the corresponding Stage 3
increases should take effect from 1st April, 1971, and 1st July, 1971,
respectively. The Government should announce their decisions in
respect of Stages 2 and 3 of the increases for the nationalised industry
Boards and the Higher Civil Service in a single statement; but the
timing of this announcement should be reserved for further
consideration by the Cabinet at their next meeting.

The Cabinet—
(1) Approved the proposals for increases in salaries of the
higher judiciary in the United Kingdom set out in
C (70) 6.
(2) Approved the proposals in paragraph 9 of C (70) 41 relating to Stage 2 and Stage 3 salary increases for members of nationalised industry Boards.

(3) Approved the proposals in paragraph 11 of C (70) 40 relating to the Stage 2 and Stage 3 increases in the pay of the Higher Civil Service.

(4) Invited the Lord Privy Seal to consider with the Chancellor of the Exchequer, the Lord Chancellor and the First Secretary of State, before their next meeting, the timing of an announcement of their decision and the terms in which it might be made.

Cabinet Office, S.W.1,
16th March, 1970.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 19th March, 1970 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. 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. 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 (Items 1-7)
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department (Items 1-7)
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
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. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food (Items 2-8)
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. EDMUND DELL, M.P., Minister of State, Department of Employment and Productivity

The Right Hon. Sir ARTHUR IRVINE, Q.C., M.P., Solicitor-General (Items 1-7)
### SECRET

**Secretariate:**

Sir **Burke Trend**  
Mr. **R. R. D. McIntosh**  
Sir **Robin Hooper**  
Mr. **J. Crocker**  
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 following week.

The Lord President explained that it was proposed to take the Whitsun Recess during the week beginning Monday, 25th May; if the state of business permitted two weeks to be taken, the Recess would begin on Monday, 18th May.

The Cabinet were informed that, in view of the slow progress of the Ports Bill in Committee, it was necessary to impose a timetable. The Opposition had been consulted through the usual channels; but it was obvious that the Motion would be bitterly opposed. The best course seemed to be to take this after the Second Reading of the Commission on Industry and Manpower Bill on 7th April.

The Secretary of State for Wales said that he was expecting a Motion to be tabled, deploiring the proposals in the recent White Paper on the Reorganisation of Local Government in Glamorgan and Monmouthshire. Members of Parliament with constituencies in the mining valleys had already tried to bring pressure to bear on Ministers. The opposition had been sponsored by district councils facing extinction; and it might diminish when it was more widely understood that further discussions with the local authorities would be required and that there was no prospect of legislation during the present Parliament.

2. The Lord President reported to the Cabinet the discussion in Legislation Committee on Tuesday, 17th March, on the attitude which the Government should adopt towards Mr. Eldon Griffiths' Motion seeking leave to introduce a Murder (Life Imprisonment) Bill, which was to be taken on 24th March. There was no doubt that the Bill which Mr. Griffiths had in mind would be unacceptable to the Government; and the only question for consideration was whether it would be better for the Government to organise opposition to the Motion itself or to follow the normal practice of allowing the Motion and taking steps subsequently to ensure that the Bill did not obtain a Second Reading. It had been argued on behalf of the Home Secretary that the better course would be to arrange for a prominent backbencher to oppose the Motion and to instruct the Whips to ensure that it was not carried. But the
majority of the Committee had thought that it would be better, if possible, to avoid a division and that the Government should not be seen to oppose the Motion, both because this would attract attention to it and because it was likely to enjoy considerable support in the country. If there were a division, however, the Government should seek to ensure that the Motion was defeated.

The Home Secretary said that the proposed Bill, which would make orders of the Home Secretary reducing sentences for murder to less than 30 years subject to Parliamentary approval, was certainly not one which could be accepted. It reflected the surprising degree of public ignorance about the effect of a sentence to imprisonment for life and the way in which such sentences were reviewed; and he was proposing to write a letter to the Police Federation, copies of which he would circulate to his colleagues, explaining the true position. Even if further changes in present practice were called for, it should be for the Criminal Law Revision Committee whom he had invited to review the whole question of fixed sentences, to recommend them. In these circumstances it would be wrong to allow Mr. Griffiths' Motion to be carried, since there would then be continual pressure on the Government to provide facilities for the resulting Bill.

In discussion it was suggested that there was no real likelihood of the Motion's being carried without a division and that the Government should therefore make sure that their case against it was presented to the best advantage by putting forward a suitable speaker and should do everything possible, short of a formal Whip, to see that the Motion was defeated. It was argued on the other hand that the limited time available would not permit an adequate presentation of the Government's case and that consideration should be given to finding time for a Second Reading debate on the Bill in order that that case could be deployed in its full strength. On balance, however, it was agreed that it would be undesirable to allow a full debate and that the substance of the Government's case could in fact be presented in the time available. It would assist in guiding public opinion if the Home Secretary's letter were given wide publicity in advance of the debate on the Motion.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the Government would be well advised to arrange for a suitable backbencher to explain their case against the Motion. The Chief Whip should use his best endeavours to procure the defeat of the Motion, although no formal Whip should be issued. The Home Secretary should arrange for the text of his letter to the Police Federation to be published, by way of reply to a written Parliamentary Question, before the Motion was debated.
The Cabinet—
Took note, with approval, of the Prime Minister’s summing up of their discussion.

3. The Lord President said that, following the discussion in Cabinet on 12th March, he had discussed with the Ministers concerned how effect could best be given to the decision that the Government should adopt the Deer Hunting and Hare Coursing Abolition Bill. He had also met the Bill’s leading sponsors, some of whom thought that the provisions about hare coursing were the more important part of the Bill. There were three courses open to the Government. They could give facilities for the whole Bill as it now stood; they could promote a Bill to prohibit hare coursing and the hunting of deer with hounds and so avoid the difficulties arising from the fact that the present Bill would prohibit deer-stalking; or they could promote a Bill confined to the prohibition of hare coursing. He recommended the last of these courses.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that the best course would be for the Government to promote a Bill dealing only with the prohibition of hare coursing; there was a good chance that this would be passed by the House of Lords. The Lord President should therefore inform the House of Commons that the Government had decided in principle to legislate against hare coursing.

The Cabinet—
Invited the Lord President to inform the House of Commons that the Government had decided to legislate against hare coursing.

4. The Cabinet’s attention was drawn to the Motion in the name of Mr. Russell Kerr and other Members of Parliament, deploring the Government’s decision to withhold approval of the proposed merger between the British Overseas Airways Corporation (BOAC) and British United Airways (BUA). This Motion reflected the concern among the Government’s supporters about an apparent change of the Government’s policy for civil aviation. In fact, however, the Government’s attitude had throughout been consistent with the policy described in the White Paper on Civil Aviation Policy (Cmnd. 4213). The announcement approving the merger in
principle, which had been forced on the Government by premature
disclosure in the Press, had been made on the understanding that
there were no other prospective purchasers of BUA and that
the company's merger with BOAC was the only alternative to its
extinction. When it became known that Caledonian Airways were
interested in the possibility of merging with BUA, a new situation
was created; and the Government had had to take this into account,
as had been explained by the President of the Board of Trade in the
House of Commons on the previous day. The President should
elaborate this explanation to the Parliamentary Labour Party, and
should emphasise the consistency of his action with the policy laid
down in the White Paper.

5. The Foreign and Commonwealth Secretary said that in the
United Nations Security Council the Afro-Asian Group had pressed
a Resolution condemning the United Kingdom for failing to use
force against the illegal régime in Rhodesia and calling for the
extension of sanctions to South Africa and Portugal. They had
subsequently come to an understanding with the Spanish Permanent
Representative whereby the latter had agreed to vote for their
Resolution in return for the dropping of the demand for sanctions
against Portugal. The Afro-Asians had thus succeeded in mustering
the nine votes necessary to ensure that their Resolution could be
defeated only by the use of the veto. In the circumstances we had
reluctantly decided that we had no alternative to vetoing the
Resolution; and the United States had adopted the same course.
The Afro-Asian Group had then fallen back on the draft Resolution
tabled by Finland. This had been more acceptable to us; and we
had been able to vote for it, subject to an explanation of our vote.

The Foreign and Commonwealth Secretary said that Belgium
and Switzerland had now decided to close their consulates in
Salisbury and that Greece was likely to do so in the near future.
This would leave South Africa and Portugal as the only remaining
countries with consular representation.

In discussion satisfaction was expressed at the success of our
efforts to induce friendly Powers to withdraw their consular
representation. South Africa and Portugal were now in a position
in which their continued membership of the United Nations might
be at risk; and the prospect of virtual exclusion from the
international community might exercise a sobering influence on them.
We should take full account of this in our dealings with them.
The Cabinet—

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

*The Foreign and Commonwealth Secretary* said that the Chief Justice of Rhodesia, Sir Hugh Beadle, had continued to serve the régime in Salisbury after the illegal declaration of independence. He had not so far given any indication of his attitude towards the purported declaration of a “republic”, which represented a further illegality. Lord Beaumont of Whitley had now tabled a Question in the House of Lords, for reply that day, to ask the Government whether they proposed to take any steps to remove from the roll of Her Majesty’s Privy Council the Chief Justice of the so-called republic of Rhodesia. It was proposed that the reply should point out that Sir Hugh Beadle had taken an oath of allegiance to The Queen when he was admitted to the Privy Council; should remind the House of the Foreign and Commonwealth Secretary’s statement in the House of Commons on 2nd March that those who continued to serve the illegal régime after the purported assumption of republican status could no longer be regarded as serving the Crown; and should state that we were waiting to see whether Sir Hugh Beadle intended to take any step to resolve this contradiction. If Sir Hugh, after a reasonable interval, did not either resign from the Privy Council or actively dissociate himself from the illegal régime, it would be necessary to initiate action for his removal from the Council. This might revive pressure for the removal of the former President of Ghana, Dr. Nkrumah, who was still a Privy Counsellor; and, if so, this further step might have to be taken.

*The Prime Minister*, summing up a brief discussion, said that the problems involved in Sir Hugh Beadle’s continuing membership of the Privy Council had for some time been under careful consideration by the Ministers concerned. The Cabinet agreed that if Sir Hugh Beadle subscribed to the illegal “republic”, whether directly or by implication, it might well be necessary to advise The Queen that he should be removed from the Privy Council. Meanwhile, the reply to Lord Beaumont’s Question should be on the lines proposed by the Foreign and Commonwealth Secretary.

The Cabinet—

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

* Previously recorded in a Confidential Annex.
The Foreign and Commonwealth Secretary said that in the recent general elections in Finland, the representation in Parliament of the alliance of the Social Democratic Party, the Communist Party and the Social Democratic Union had been reduced from 103 seats to 87. It would probably be some time before a new coalition Government could be formed. It was unlikely that there would be any major changes in policy; but it was unfortunate from our point of view that the Minister of Industry, with whom we had been discussing the possible purchase by Finland of a British nuclear reactor, had lost his seat.

The Cabinet—

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

Bahrain

*The Foreign and Commonwealth Secretary said that as a result of discussions which had been taking place over the past few months between the Shah of Iran, the Secretary-General of the United Nations, U Thant, and ourselves, there was now a good prospect of disposing of the long-standing problem of the territorial claim of Iran to Bahrain, thus removing a major obstacle to the formation of the Union of Arab Emirates which we hoped to see established on our withdrawal from the Persian Gulf. These discussions were highly confidential pending an announcement; and Ministers should take particular care to prevent any premature disclosure. An opening for a settlement had been offered by the Shah's public statement in January 1969 that he renounced the use of force in pursuit of Iran's claim to Bahrain and that he would accept a "legal expression" of the will of its inhabitants. The Shah realised that the decision was unlikely to be in favour of incorporation in Iran, though he had not of course admitted this publicly. Delicate and complex contacts had followed between ourselves, the Iranians, the Bahrainis and the Secretariat of the United Nations, with the Iranians insisting, in order to justify themselves vis-à-vis their own people, on as comprehensive a sounding of Bahrain opinion as possible and the Ruler of Bahrain opposing—partly from a dislike of any form of popular consultation but also from a more justified fear of inter-communal disturbances—anything in the nature of a referendum or plebiscite. Eventually a compromise had been reached, whereby the Secretary-General of the United Nations would send a special representative to Bahrain to sound local opinion. On 9th March, the Iranian Permanent Representative at the United Nations had made a formal request in this sense to the Secretary-General; and on 20th March, we should be informing the Secretary-General that we concurred in this request. On 28th March the Secretary-General

* Previously recorded in a Confidential Annex.
would announce his acceptance of the proposal, together with the name of his special representative who would be Signor Winspeare-Guicciardi, a senior member of the Italian Foreign Service at present serving as Director-General of the United Nations Office in Geneva. Signor Winspeare-Guicciardi would arrive in Bahrain on 30th March. He would prepare a report to the Secretary-General, who would circulate this to the Security Council, probably in May. While this outcome was highly satisfactory to us, it was important, in order to avoid any possible charges of collusion between ourselves, the Iranian Government and the United Nations Secretariat, to avoid any public allusion to the major part we had played in bringing it about.

The Foreign and Commonwealth Secretary said that during the absence of the Cambodian Prime Minister, Prince Sihanouk, on a tour abroad a Right-wing group had taken over control of the Government.

The Foreign and Commonwealth Secretary said that there had been further minor military gains by the Communists in Laos. The Soviet Union had rejected the proposal for consultations between the signatories of the Geneva agreements, which we had invited them to sponsor with us, as Co-Chairmen of the Geneva Commission; and we had therefore circulated the text of the appeal by the Laotian Prime Minister, Prince Souvanna Phouma, to the Geneva Powers independently.

The Foreign and Commonwealth Secretary said that the assassination of Mr. Polykarpos Gheorghiadis had increased tension within the Greek Cypriot community; but it did not appear so far to have had any adverse effect on relations between Greeks and Turks in the island. Mr. Gheorghiadis had been closely connected with the National Front, an organisation which stood politically to the Right of the Government of Cyprus; and he had been suspected of complicity in the recent attempt on the life of the President, Archbishop Makarios.

The Foreign and Commonwealth Secretary said that there had been Press reports of dissensions in the Soviet leadership. There was clearly considerable discontent about Soviet economic policy, some elements in the Government advocating greater centralisation and others favouring more liberal methods. But there was no confirmation of the report that three members of the Presidium had circulated
Irish Republic
(Previous Reference: CC (70) 12th Conclusions, Minute 3)

The Prime Minister said that at a St. Patrick's Day banquet in Liverpool on 17th March which he had attended together with the Deputy Prime Minister of the Irish Republic, Mr. Erskine Childers, the latter had pressed him to increase by 500 tons our offer to permit imports from the Republic not exceeding 31,000 tons for butter and 17,000 tons for cheese. In reply, he had undertaken to report this request to his colleagues; but subsequent discussion with the Ministers concerned had indicated that it was too late to modify the aide-memoire embodying our proposals, which had to be delivered to the Irish Ambassador on 18th March in time for the meeting of the Irish Cabinet on the following day. He had gained the impression from Mr. Childers that the Irish Government would in fact accept our offer, albeit reluctantly. If they did not, we might have to consider making a small additional offer of perhaps 250 tons for one commodity or the other.

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

The First Secretary of State said that, as she had already reported to the Ministerial Steering Committee on Economic Policy, the situation at London Airport (Heathrow) was serious. Despite prolonged discussions with officials of the trade unions concerned on the previous day it had not been possible to reach agreement on the terms of reference for the inquiry which she had undertaken to set up. The trade union side of the National Joint Council for Civil Air Transport refused to take part in the inquiry unless the British Airports Authority (BAA) abandoned their High Court action to restrain shop stewards at Heathrow from attempting to induce a breach of a commercial contract. The Chairman of the BAA, however, had made it clear that the Authority were not prepared to abandon the case completely. The legal position was complex; and the situation was changing continuously. She therefore asked for authority, in consultation with the Prime Minister, the President of the Board of Trade and the Law Officers as necessary, to take such action as was required to deal with the situation as it developed.

The Cabinet—
Invited the First Secretary of State, in consultation with the
Prime Minister, the President of the Board of Trade and the Law Officers as necessary, to take such action as was required to deal with the situation at Heathrow Airport.

SECRET

7. The Secretary of State for Education and Science said that he had discussed further with the parties concerned the unsatisfactory situation which had developed in connection with the recent settlement of the dispute on teachers’ pay. The statement which had been issued by the Burnham Committee on 3rd March had been at fault in describing the cost of the settlement as “not less than £42 million in 1970–71” and in omitting any reference to the cost in 1971–72, since there was no doubt in the minds of all who had taken part in the negotiations that the amounts of £42 million and £84 million represented the upper limits of the cost in the two years 1970–71 and 1971–72 respectively. This was amply confirmed by the record of his subsequent discussion with Mr. Britton of the National Union of Teachers (NUT). There was no justification, therefore, for the circular letter which the NUT had issued on 4th March, repeating the misleading interpretation of the agreement in the Burnham Committee’s statement and committing the union to an attempt to ensure that the amounts agreed by the settlement would be substantially exceeded in the next round of negotiations. On the other hand it was not easy to devise a means by which the matter could be put right without endangering the settlement itself when it came forward for ratification early in April. The Government could seek to insist that at that point the text of the agreement, which would normally be confined to a simple statement of the increased salary scales, should incorporate the other provisions (including the maximum costs involved) which had formed part of the settlement with the NUT and had been made public in his statement in the House of Commons on 5th March. But the union, who had already refused to withdraw their circular letter, would probably be equally reluctant to accept this alternative procedure; and if, as a result, the agreement were not ratified, the whole settlement would fail, the teachers might revert to strike action and the Government would incur considerable political odium. It might be preferable, therefore, for him to confine himself to sending a letter to both sides of the Burnham Committee, putting on record before the agreement was ratified, the interpretation which the Government placed upon it; and this might then be repeated by Sir Ronald Gould, the General-Secretary of the NUT, at the union’s forthcoming annual conference.

In discussion there was general agreement that it must be made clear that the cost of the settlement was subject to a maximum of...
not merely £42 million in 1970–71 but also £84 million in 1971–72; and the necessary statement to this effect should be expressed in terms that the Government were committed to provide not more than these amounts (rather than that they were not committed to provide more). It was essential that Sir Ronald Gould should confirm this understanding at the forthcoming conference of the NUT. For the rest it must be left to him to deal with his union and its members as he saw fit about the circumstances in which they had issued a misleading circular over his signature but without his knowledge; the Government’s main concern was to ensure that the next round of negotiations did not start on the basis of any misunderstanding about the precise terms of the settlement. In order to ensure this the Secretary of State for Education and Science might be well advised to send to Mr. Britton the record of their discussion and to confirm that he accepted it as a valid interpretation of the agreement. If he did so, the Government should be proof against any subsequent charge of bad faith; but, if he refused or was reluctant to endorse the record, it might then be necessary for the Secretary of State to adopt a more rigorous attitude and perhaps to insist that the full terms of the settlement should be incorporated in the text of the agreement to be ratified early in April. The matter would need to be further considered by the Cabinet at that juncture.

The Cabinet—

Took note that the Secretary of State for Education and Science would send to Mr. Britton, representing the National Union of Teachers, the record of their discussion on 13th March and would inform the Cabinet if he refused to endorse it.

The Cabinet were informed that the pay claim on behalf of employees of the British Railways Board had been settled on the basis recently approved by the Ministerial Committee on Prices and Incomes.

*7. The Lord Privy Seal said that the most appropriate means of announcing the implementation of Stages 2 and 3 of the salary increases for members of the Boards of nationalised industries and for the Higher Civil Service, which the Cabinet had approved in principle at their previous meeting, would be by way of Parliamentary Questions for written answer in the following week.

In discussion this suggestion was endorsed. But it was agreed that it would be preferable to confine the announcement of implementation to Stage 2 on 1st April and 1st July for the nationalised industries and the Higher Civil Service respectively, on
the basis that the Stage 3 increase would be implemented at the
corresponding dates in the following year but that this decision
should not be announced at the present juncture and that the question
should be further considered in the light of the requirements of
incomes policy at the time. The announcement of the salary
increases envisaged for members of the judiciary should be reserved
for later consideration.

The Cabinet—
Invited the Minister without Portfolio and the Lord Privy
Seal to arrange for written Questions to be answered in the
House of Commons and the House of Lords respectively in
the following week about the implementation of further
salary increases for members of the Boards of nationalised
industries and for the Higher Civil Service in the terms
agreed in their discussion.

The Lord Privy Seal said that in the course of the negotiation
of a central pay increase for the non-industrial Civil Service it had
been necessary, with the approval of the Prime Minister, the
Chancellor of the Exchequer and the First Secretary of State, to offer
an improvement on the proposed increase from 8 per cent to 8\% per
cent from 1st April, 1970, for the clerical, executive and
administrative grades, coupled with an increase of 6 per cent for the
works group and technical classes from 1st January, 1970. There
were grounds for hoping that a settlement could be achieved on this
basis.

The Cabinet—
Took note, with approval, of this statement.

8. The Cabinet considered a memorandum by the Paymaster
General (C (70) 45) about the structure of the textile industry.

The Paymaster General said that the President of the Board of
Trade had announced in June 1969 a standstill on further mergers
between the large groups in the textile industry which had grown
rapidly by amalgamation and acquisition but had not yet realised
the full advantage of integration. Following the proposal by
Imperial Chemical Industries Ltd. (ICI) to bid for Viyella
International Ltd. and thereafter to effect an amalgamation between
that firm and Carrington and Dewhurst Ltd., he had examined the
situation in the textile industry with the help of a small group which
had included the Minister of State, Department of Employment and
Productivity and the Chairmen of the Industrial Reorganisation
Corporation and the Textile Council. They had concluded that it would not be satisfactory to allow the standstill to continue unchanged. While it had been intended to provide protection against major extensions of vertical integration, in practice Courtaulds were able to grow organically from the position which they had already secured through massive forward integration; and a continuance of the standstill would now reduce, rather than maintain, competition. The standstill had not prevented ICI from becoming closely involved in the operations of textile firms in ways other than acquisition but such moves had had unfortunate results. Carrington and Dewhurst and Viyella now needed assistance from ICI to strengthen both their finances and their management. He therefore proposed that they should be allowed to merge under a holding company formed by ICI, provided that the latter reduced their shareholding to no more than 35 per cent within a strictly limited period, that they established an independent Chairman and an independent Board with only one ICI director, and that they undertook not to use their shareholding to influence the combined company in its choice of fibres or other materials. Any further integration into textile manufacture by fibre producers, including takeovers by overseas firms, would be allowed only on a similar basis. In addition, all fibre producers might be invited to subscribe to a code of conduct designed to prevent trading practices which gave rise to concern; if this code were not complied with voluntarily, specific abuses of market power could be referred to the new Commission for Industry and Manpower (CIM).

In addition, the Lancashire section of the textile industry needed help to undertake the re-equipment needed before the tariff on Commonwealth imports came into force on 1st January, 1972. While detailed discussions would have to be held with the Treasury about the extent and nature of such assistance, it would be helpful if the announcement of the decision on ICI's proposals could indicate that the Government recognised the need for re-equipment and were considering what action would be appropriate.

In discussion it was suggested that these proposals were open to certain objections. The merger of Viyella and Carrington and Dewhurst had few advantages and was opposed by most of those who had been consulted. While the fundamental problem was the strength of Courtaulds, the proposals might reduce the ability of ICI to help other textile firms to remain competitive. Instability in the industry would continue. Moreover, the Government could not now rely on powers flowing from the Monopolies Commission report on cellulosic fibres; they would be dependent on the consent of the firms concerned, supplemented by reference to the CIM of mergers or of particular forms of abuse of market power. It would have been preferable to announce the maintenance of the standstill.
immediately ICI's proposals became known. On the other hand, it was argued that, since this had not been done, there was now no alternative to the course proposed by the Paymaster General.

In further discussion it was suggested that there should be no commitment to assistance for the re-equipment of the textile industry until detailed proposals had been considered by the Ministers concerned. It might also prove embarrassing if the intention to promulgate a code of conduct was announced before it was known whether an acceptable code could be drafted.

The Prime Minister, summing up the discussion, said that the Cabinet might be prepared, on balance, to agree in principle to the course proposed by the Paymaster General in respect of ICI's proposals for Viyella and Carrington and Dewhurst; but further consideration should be given to its implications by the Ministerial Steering Committee on Economic Policy before any public statement could be made. The Paymaster General should consider with the First Secretary of State the practicability of preparing a code of conduct on the lines proposed. He should also give further consideration, in consultation with the Chief Secretary, Treasury, to the proposals for assistance towards the re-equipment of the textile industry. In the meantime nothing should be said to commit the Government, even in principle, to providing such assistance.

The Cabinet—
(1) Took note, with approval, of the summing up of their discussion by the Prime Minister.
(2) Took note that the Prime Minister would arrange for the issues involved to be considered further by the Ministerial Steering Committee on Economic Policy.

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, 26 March, 1970, 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 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 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
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. HAROLD LEVER, 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 week beginning 6th April. The timetable motion relating to the Ports Bill would be taken on 6th April after the Second Reading of the Electricity Bill.

The Prime Minister said that he had received a letter from the Welsh Parliamentary Labour Group about the White Paper on local Government reorganisation in Glamorgan and Monmouthshire (Cmnd. 4310). The Group, which had discussed the White Paper with the Secretary of State for Wales, maintained that some of the guiding principles laid down in the White Paper conflicted with the requirements of good local government in Wales. They urged that the fresh consultations with local authorities which the Secretary of State for Wales had proposed should embrace the general principles involved as well as the details; and that no further action should be taken to implement any local government proposals until the representations of the people directly affected had been fully heard and assessed. The Group had asked that their views should be made known to the Cabinet as soon as possible.

The Cabinet—

Took note of the Prime Minister's statement.

2. The Foreign and Commonwealth Secretary said that Captain May, the master of the s.s. Anchises who had been detained in Shanghai, had now been released as had the chief officer of the s.s. Glenfalloch. This tended to confirm our earlier impression that the local authorities in Shanghai tended on occasion to outrun the limits of discretion as interpreted by the Government in Peking and in this instance had been overruled by the latter. Eight British subjects, however, were still under detention in China. We continued to make representations to the Chinese Government on four of these cases; the rest were sympathisers with the Chinese régime, about whom we had no firm information.

The Foreign and Commonwealth Secretary said that, since he had last reported to the Cabinet about the Middle East, the Soviet Union had made surface-to-air missiles, manned by Soviet technicians, available to the United Arab Republic. This action did not significantly alter the military balance between the Arab States and Israel; but it increased the dangers of the situation owing to the possibility of Soviet casualties if these installations were attacked by Israel. The other main development had been the United States' decision not to supply more aircraft to Israel for the present,
although this decision was subject to review. The Israeli reaction had been temperate, although some disappointment had been expressed with the offer of aid which the United States had made at the same time. In the Four Power discussions at the United Nations on the Arab-Israel dispute, there was now some prospect that it might prove possible to begin drafting a progress report which might serve as a basis for a renewed attempt at mediation by the United Nations Secretary-General’s Special Representative, Dr. Jarring.

The Foreign and Commonwealth Secretary said that the former Prime Minister of Cambodia, Prince Sihanouk, who had been ousted by the recent coup d'état, had now purported to establish a rival Administration in exile. The new Government in Phnom Penh, however, seemed to be becoming more firmly established. The Cambodian Ambassador in London had declared that it was essential to secure the expulsion of the Communist forces from Cambodia; but he had seemed doubtful whether this could be done without the use of force. The new Cambodian Government had asked for the return of the International Control Commission. We supported this proposal; and we had so informed the Indian Co-Chairman of the Commission. We were also consulting the Soviet Government on the matter. For the present we were conducting day-to-day business with the new Cambodian régime; and the question of formal recognition had not yet arisen.

The Foreign and Commonwealth Secretary said that the discussions between the Chancellor of the Federal Republic of Germany, Herr Brandt, and the Prime Minister of the German Democratic Republic, Herr Stoph, at Erfurt on 19 March had achieved little except a decision to hold a further meeting. Herr Brandt had had a striking popular welcome in East Germany; but the enthusiasm with which he had been received might well have alarmed the East German authorities and might in itself endanger the prospects of success in further exchanges.

In the Four Power discussions on Berlin a formal opening session had been held. This would be followed by a further meeting in a month’s time. Our immediate objective would be to secure what improvements we could in access to West Berlin and in living conditions in the city.

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

The Foreign and Commonwealth Secretary said that we were still withholding recognition of Chief Jonathan’s Administration and had not yet given any indication of our intentions as regards the resumption of aid. As a result the more responsible elements in the Government might bring pressure to bear on Chief Jonathan to
liberalise his régime. The other African countries, however, were showing an unexpected lack of interest in the situation; and at a recent meeting of the Organisation for African Unity, Chief Jonathan's representatives had been received and representatives of the Opposition had been ignored. Matters could continue as they were for a short time longer; but in all probability we could not indefinitely postpone recognition of Chief Jonathan's régime.

The Prime Minister, summing up a brief discussion, said that the Cabinet would wish to give further consideration to the questions of recognition and the resumption of aid after the Parliamentary Recess.

The Cabinet—
(2) Took note, with approval, of the Prime Minister's summing up of their discussion.
he should be refused access to legal advice and should be ejected from the country by the first available means. The outcome might provoke a strong reaction on the part of public opinion both in this country and elsewhere; and, if he were to authorise such action, therefore, he would need to be assured that he had the full support of his colleagues. The position would be even more difficult if Colonel Ojukwu were to succeed in entering this country undetected, since he could then be removed only by an application to the court, which would not necessarily succeed.

In discussion it was pointed out that to refuse Colonel Ojukwu entry to the United Kingdom or to expel him once he had gained admission, would be a grave step for which there was no exact precedent. It might therefore become a precedent, to be quoted in support of the expulsion of other refugees whom some particular sections of public opinion regarded as undesirable on general grounds, despite their Commonwealth citizenship. We should therefore need to be very sure of our ground before taking such drastic action against Colonel Ojukwu. It was suggested that he might be deterred from attempting to enter this country if the Nigerian Government indicated that they would ask for his extradition from the United Kingdom on the grounds of some non-political offence and Colonel Ojukwu were made aware of this risk. On the other hand it must be accepted that, whatever the nature of the formal charge against him, public opinion would accept his extradition only if it was reasonably certain that he would enjoy a fair trial on his return to Nigeria; and it was unlikely that many people would be satisfied that this would be the case. Alternatively, the Nigerian Government might perhaps deprive Colonel Ojukwu of his Nigerian nationality; and in that event we could treat him as an alien for purposes of immigration legislation (although this might be frustrated if another African member of the Commonwealth were prepared to grant him citizenship). It was unlikely in any event that he could claim the status of a political refugee; several other countries, including the Ivory Coast, were open to him, in which he could settle without objection on the part of the Nigerian Government.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that we should seek to prevent Colonel Ojukwu from entering this country. They also agreed that it would be desirable to ensure his departure if, despite our best endeavours to exclude him, he succeeded in securing admission to the United Kingdom. The legal position, however, was not altogether clear, particularly as regards the latter hypothesis. The Foreign and Commonwealth Secretary and the Home Secretary should therefore seek the views of the Attorney-General; and the Cabinet should
consider the matter again when these had been obtained. They agreed, however, that, if Colonel Ojukwu were to attempt to enter Britain in the interim, he should be refused admission on the basis indicated by the Home Secretary.

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 seek the views of the Attorney-General on the legal issues involved.

(3) Took note that the Cabinet would discuss the matter further in the light of the comments of the Attorney-General.

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4. The Cabinet considered the Government’s policy towards accession to the European Economic Communities in the light of a public speech by the Minister without Portfolio on the previous date.

The Foreign and Commonwealth Secretary said that he had informed the Minister without Portfolio, before the Cabinet’s meeting, that he would have to refer to a public speech which the Minister had made on the previous day about the Government’s application to join the European Economic Communities (EEC). The speech had carried an implication that the Government no longer wished, or intended to make a real effort, to join the EEC; and this, which was at variance with the Government’s official policy as expounded in the recent Parliamentary debate, would create an unfortunate impression of divided counsel within the Government, which could not be other than damaging to the prospects of success in the forthcoming negotiations for our accession to the Communities.

The Minister without Portfolio said that he regretted that he had not consulted the Foreign and Commonwealth Secretary before making his speech. But he could not accept that it would necessarily have damaging results. Its most critical passage, dealing with the impact on our balance of payments of the new commitments which entry into the EEC would entail, had been agreed in principle with the Foreign and Commonwealth Office some time before; and, for the rest, the speech merely drew attention to the undeniable fact that the EEC was not simply an enlarged free trade area but was a community which involved its members in a commitment to a closer and more intimate relationship with fellow members than with outside countries as regards many aspects of policy. It could not be maintained that it was wrong to remind public opinion of this essential fact.

* Previously recorded in a Confidential Annex.
In discussion the Cabinet were reminded that they had agreed that, whatever differences of view or emphasis might exist between individual Ministers on particular aspects of our application to join the EEC, the Government would speak with one voice in public in endorsement of the policy which had been authoritatively explained by the Prime Minister and the Foreign and Commonwealth Secretary in the recent Parliamentary debate. It was now essential that they should avoid any appearance of disunity on the subject or allow the impression to be created that they were prepared to treat a major issue of national policy as the subject of mere Party political controversy in the period before the forthcoming General Election. It would therefore be desirable that the Government’s policy should be reaffirmed in the terms already approved by the Cabinet collectively and that the Minister without Portfolio should seek an early public opportunity to put his speech in better perspective, making it clear that it remained the Government’s declared purpose to join the EEC if acceptable terms could be obtained.

5. The First Secretary of State said that the unofficial strike of firemen at London Airport (Heathrow) had ended and the airport was now working normally. With the help of the Attorney-General, the legal problems relating to the British Airports Authority’s High Court action had been overcome and agreement had been reached on the terms of reference for the inquiry, which she hoped to establish later in the day.

The Cabinet—
(1) Took note, with approval, of the statement by the First Secretary of State.

The Secretary of State for Scotland said that the negotiations with the Scottish teachers would be resumed on 17 April. The teachers had so far made no real effort to negotiate a new settlement; and the marking of papers for the school examinations, which were due to start on 21 April, was therefore still at some risk. The teachers’ attitude might become clearer in the next few days; and he would keep in touch with the First Secretary of State as the situation developed.

The Secretary of State for Education and Science said that he had sent Mr. Britton, the General Secretary-designate of the National Union of Teachers (NUT), a note of their discussion on 13 March; and Mr. Britton had endorsed it as an accurate record. He had had further discussions with representatives of the NUT but had been unable to secure any undertaking from them that they would regard the sum of £84 million as the maximum available for salary
increases for teachers in England and Wales in 1971–72. He had subsequently written to the NUT, therefore, reaffirming the conditions on which the Government had agreed to the settlement provisionally reached in the Burnham Committee on 3 March; and Sir Ronald Gould, the General Secretary of the NUT, had undertaken to bring his letter to the notice of the union’s forthcoming annual conference.

The Cabinet—

(2) Took note of the statements by the Secretaries of State for Scotland and for Education and Science.

The Cabinet’s attention was drawn to speculation in the Press that in a report to be published shortly after Easter the National Board for Prices and Incomes would recommend an increase in bread prices. The Minister of Agriculture was at present considering the Board’s report; and the premature disclosure of its contents, which was most unfortunate, would complicate the handling of its recommendations.

6. The Cabinet considered memoranda by the Secretary of State for Defence (SEP (70) 33) and the Minister of Technology (SEP (70) 37) on the purchase of 10-ton trucks for the Army.

The Secretary of State for Defence said that the Army had a requirement for up to 900 new 10-ton trucks. Following a recommendation by the Public Accounts Committee that the Army should in future buy vehicles of normal commercial design, nine British firms had been invited early in 1969 to a presentation of the Army’s requirements. The agents of the Swedish firm, Volvo, had not been invited; but after they had made representations under Article 14 of the European Free Trade Association (EFTA) Convention they had been added to the list. In the event, four British firms and Volvo had submitted tenders. Volvo had outdistanced all its British competitors on quality, performance and price. The Volvo truck was the cheapest in terms of capital cost; and, with a life expectation of 15 years, it would be much less expensive in terms of annual cost. The Board of Trade were satisfied that Volvo were not basing their tender on a dumping price.

The Chairman of the British Leyland Motor Corporation (BLMC), Lord Stokes, had represented that a decision to buy Volvo trucks would have serious repercussions on the British industry’s exports. The total cost of 900 vehicles and spare parts, however, was about £7 million over 12 years; and this had to be compared with Army expenditure of nearly £50 million a year on vehicles and spare parts, virtually all of which accrued to the benefit of the British
industry. It also compared with Swedish imports from the United Kingdom of vehicles and spares worth over £42 million and with imports of vehicle components from the United Kingdom by Volvo of over £20 million in 1968. Volvo and BLMC were also competing for the provision of one-ton trucks for the Army; and there was a good prospect that, provided that BLMC quoted a competitive price for the Rover truck, they would secure the order. In the case of 10-ton trucks, however, the Army's operational requirements, considerations of public expenditure and our obligations to EFTA all pointed the award of the contract to Volvo.

The Minister of Technology said that the award of this contract to a foreign supplier would cause serious damage to BLMC and to the British commercial vehicle industry as a whole. The industry exported 40 per cent of its output, worth at least £200 million a year; and BLMC, which was virtually the only major British-owned company remaining in the industry, exported some 90,000 commercial vehicles in 1969. The grounds for assuming that the Volvo truck would have a much longer life than its British competitors were not clear; and there was some evidence that the price quoted for it, which was nearly 40 per cent below the price at which it would be sold in other countries, was a dumping price. In view of the technical complexities of the case and the implications for British exports, a full-scale review should be carried out under the supervision of a non-departmental Minister before any firm order was placed abroad.

In discussion it was pointed out that there was no evidence that the Volvo truck was in fact being offered at a dumping price and that, even if the price were increased to cover the alleged margin of dumping, the Swedish vehicle would still be the most competitive. In these circumstances to award the contract to a British company would be a clear breach of the EFTA Convention. Moreover, it was not in our interest to follow a protectionist policy in the field of public purchasing now that our balance of payments had so substantially improved.

On the other hand it was argued that to award such an important defence contract to a foreign supplier would represent a major rebuff to the British motor industry, which would have damaging repercussions on our exports and on employment in the development areas. In view of the uncertainty about the basis of the price quoted by the Swedish company and about the length of life assumed for the competing vehicles, there was a clear case for holding an inquiry before a decision was reached.

The Prime Minister, summing up the discussion, said that opinion in the Cabinet appeared to be evenly divided between those who supported the proposal for an inquiry and those who considered
that enough information was already available to enable a decision to be taken. The Cabinet would resume their discussion after Easter. In the meantime the President of the Board of Trade should seek to establish whether the Volvo truck was being offered at a "dumping" price.

The Cabinet—

(1) Agreed to resume their discussion after Easter.

(2) Invited the President of the Board of Trade to circulate a memorandum on the basis of the price quoted for the Volvo truck, for consideration by the Cabinet after Easter.

Cabinet Office, S.W.1.
26th March, 1970.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 9 April, 1970, at 10.15 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. 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 (Item 5)

The following were also present:
The Right Hon. ROBERT MELLISS, M.P., Parliamentary Secretary, Treasury (Item 1)

The Right Hon. SIR ARTHUR IRVINE, Q.C., M.P., Solicitor-General (Items 1-4)
SECRET

Secretariat:
SIR BURKE TREND
Mr. R. R. D. McINTOSH
SIR ROBIN HOOPER
Mr. P. E. THORNTON

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1. *The Prime Minister* drew the Cabinet's attention to an article in that morning's *Daily Mail* which purported to derive from a forthcoming book on Cabinet government by Mr. Patrick Gordon Walker, M.P. The article suggested that during the war between Israel and the United Arab Republic (UAR) in the summer of 1967 the Cabinet had over-ruled the Prime Minister and the then Foreign Secretary, Mr. George Brown, by rejecting a plan, which they were alleged to have sponsored, whereby British naval forces would be despatched to separate the combatants and the Government of the UAR would be informed that, unless the war stopped, British forces would start a bombardment. The essence of this alleged disclosure was clearly false; and, in view of the damage which its dissemination might cause, it should be promptly denied.

In discussion there was general agreement with this proposal. It was possible, however, that the alleged disclosure resulted from a confusion between the Government's attitude once the war had broken out, when there had been no question of any British intervention, and a proposal at an earlier stage, before the war had started, that British forces might contribute, together with those of the United States and other maritime Powers, to an international attempt to establish freedom of passage in the Straits of Tiran and the Gulf of Aqaba. Our intentions on that earlier occasion had been made clear in various Parliamentary statements; and any rebuttal of the article in the *Daily Mail* which might now be issued should recall those statements in order to distinguish between the two stages in the development of the situation and to make it clear that such contingent action as we had contemplated had been in a context and for a purpose wholly different from those mentioned in the article.

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

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3. *The Prime Minister* said that the visit of the Swedish Prime Minister, Mr. Olof Palme, had been extremely successful. There were no major bilateral questions at issue between the United Kingdom and Sweden. There had been a brief discussion on Atlantic salmon fishing, in which it had become clear that both
countries had a common interest in protecting their coastal and river fisheries from depletion by deep-sea salmon fishing; and we had agreed to work together for a compromise solution. Discussion had concentrated largely on international affairs. Here again there was no major divergence of view. The Swedes were strongly in favour of British membership of the European Economic Community (EEC). So far as their own position was concerned, they wished to be associated with the EEC on whatever terms would be consistent with their policy of neutrality. They did not necessarily exclude full membership, if this could be achieved consistently with the maintenance of their neutral status. The Swedish Prime Minister had made it clear that he stood by the terms of his 1967 declaration on Swedish relations with the EEC. In general Mr. Palme, despite some initial misgivings on the part of his party and public opinion in Sweden, seemed to have made a good start. He was clearly anxious to improve relations with the United States; and it was likely that the United States Ambassador would return to Stockholm before long. There had been widespread commendation of Mr. Palme's handling of the Nordek negotiations, although the Finnish Government had subsequently decided that they could not sign or ratify the agreement resulting from these.

The Cabinet—

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

The Chancellor of the Duchy of Lancaster said that the recent murder of the German Ambassador to Guatemala, Count von Spreti, by his kidnappers, had given fresh urgency to the problem of ensuring the protection against similar outrages of British diplomatic Missions and High Commissions overseas. Last November our Missions abroad had been given guidance and advice on precautions. These had now been urgently reviewed. British Missions in Latin America, which might be assumed to be more exposed than others to such threats, had been offered further assistance and had been asked whether they considered the measures taken for their protection by the local authorities were sufficient. A senior security officer was standing by to visit posts in Latin America. Special consideration had been given to the position of the British Mission in Guatemala where, owing to the current state of Anglo-Guatemalan relations, we were represented not by an Ambassador but by a Consul. The Guatemalan authorities, however, had made arrangements to provide personal protection for HM Consul and to place armed guards on the Embassy.

In the international field, we were consulting the Commonwealth and our North Atlantic Treaty Organisation allies. There might also be discussion in the Western European Union. The Latin American States had a long-standing tradition of political asylum;
but, if it were possible, through action in the Organisation of American States, to obtain agreement that states would not grant asylum to detainees whose freedom had been secured as the result of a kidnapping, this might reduce the incentive to kidnap.

If a British diplomat were kidnapped, it could be maintained that the prime consideration must be the safety and survival of the victim and that, whatever our long-term objective in regard to the general problem might be, we should be prepared in the last resort to accede to the demands of the kidnappers or, where the release of prisoners was involved, to press the local authorities to do so, rather than run the risk of a murder.

In discussion it was agreed that the saving of life must clearly have high priority. But this consideration had to be weighed against the argument that our long-term objective of putting an end to kidnapping might not be best served by a blanket commitment to a policy which could involve yielding to blackmail. There could be no hard and fast rule; and individual cases would have to be dealt with as they arose. So far as our attitude towards other Governments was concerned, there were certain countries in which we presumably need not feel compunction in pressing the local administration to release its political prisoners. As against this, one of the objects of kidnapping, particularly of diplomats, was precisely to mobilise pressure from other countries against the country in which the kidnapping took place. To the extent, therefore, that we yielded to this pressure we might merely encourage further attempts. Alternatively, in appropriate cases we might make token withdrawals of the staffs of our Missions where we thought that the protection afforded had been inadequate.

Attention was drawn to the possibility that attempts might be made to kidnap diplomats accredited to this country; and it was suggested that the Departments concerned should give further examination to this problem.

The Cabinet—

(2) Took note of the statement by the Chancellor of the Duchy of Lancaster and of the points made in discussion.

(3) Invited the Foreign and Commonwealth Secretary and the Home Secretary to give further examination to the problem of the protection from kidnapping of members of foreign and Commonwealth Missions in this country.
The First Secretary of State said that the Industrial Relations Committee (IR) had reviewed the proposed provisions of the Bill in the light of the consultations which she had been holding with the Trades Union Congress (TUC) and the Confederation of British Industry (CBI). The CBI were opposed to the Bill which they regarded as one-sided and in the main offering advantage only to the trade unions. Her discussions with the Finance and General Purposes Committee of the TUC had been constructive. The latter welcomed the Bill in general and had continued to press for only one change of any substance: the extension of the protection afforded by the Trade Disputes Act 1906 to cover persons inducing a breach of a commercial contract in the course of an industrial dispute. She had firmly resisted any such extension against which the Cabinet had, of course, already decided. With the agreement of IR she was now proposing two modifications to the proposals originally agreed by the Cabinet in their discussion last October. First, IR had reached the conclusion that it would be inadvisable to seek to restrict the immunity enjoyed by trade unions, under Section 4 of the Trade Disputes Act, 1906, from actions in tort to those torts committed in pursuance of trade disputes. Such a restriction would require “ trade disputes ” to be defined sufficiently widely in the new legislation to avoid serious difficulties with the TUC. But the same, wider, definition would also apply to Section 3 of the same Act and thus perhaps increase the protection afforded by the latter Section to “ secondary boycotts ”. For this reason IR had concluded that it would be wiser not to amend Section 4 as originally agreed by the Cabinet. Secondly, IR had decided that the Bill should prevent Friendly Societies from having rules which debarred trade unionists from membership or benefits. There was a further point which had arisen in her discussions with the TUC and about which she had consulted the Lord Chancellor. The unions were concerned that ex parte injunctions could be granted to an employer without any previous notice having been given to the union or its officials that the plaintiff was taking legal action. The TUC had suggested that it should in future be provided that the plaintiff should at least notify the Department of Employment and Productivity of his application before an ex parte injunction could be granted. While she would not advocate such a solution she had asked the Lord Chancellor
whether some means might be found of ensuring that trade unions received some notice of an application for an injunction before an ex parte injunction was granted.

The Lord Chancellor said that he would be opposed to an amendment of the law so that trade unions and trade union officials were placed in a more favourable position in relation to ex parte injunctions against them than anyone else. Such injunctions were only given on very rare occasions where the Court considered that in the absence of an injunction action might be taken to the detriment of the plaintiff which would cause him damage which would be irrecoverable later. Where an ex parte injunction was granted—and as far as he could ascertain there had only been a single case in recent times—the unions in common with any other defendant would be informed immediately and could argue before the Courts for discharge of the injunction within 24 hours at most if they so wished.

The Prime Minister, summing up this part of the discussion, said that the Cabinet approved the conclusions of the Industrial Relations Committee set out in Annex II of C (70) 48. They also agreed that in the light of the further consideration given to the matter by the Industrial Relations Committee it would be inadvisable to seek to restrict the immunity from actions in tort enjoyed by trade unions under Section 4 of the Trade Disputes Act of 1906. The First Secretary of State should ensure that the Scottish legal authorities were consulted about the application of the Bill as a whole in Scotland.

The Cabinet—

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

(2) Invited the First Secretary of State to arrange for the Scottish legal authorities to be consulted about the application of the Industrial Relations Bill in Scotland.

The Cabinet then considered the outstanding issues referred to in C (70) 48.

The First Secretary of State said that the intention to introduce provisions requiring employers to disclose to recognised unions information necessary and relevant to negotiations had been most bitterly resisted by the CBI. If it were decided, as the Lord Privy Seal proposed, to exempt the Crown from any statutory requirement in this field, the objections of the CBI would be redoubled. The Lord Privy Seal was apparently ready to agree that the Government should give a voluntary undertaking to provide information to the
trade unions to the same extent as private employers would be required to do by the Bill. So there was no dispute about the practice which should be followed. Nor was it proposed that the Bill should require a Minister to disclose information which he considered should not be disclosed. Moreover the Bill itself would provide safeguards against any requirement to disclose information relating to, for example, national security, to individuals and to confidential information from or about third parties. She therefore asked for agreement that statutory provisions, relating to disclosure of information by the Crown, should be included on the lines indicated in paragraph 9 of her paper. These provisions would not apply in respect of the personal employees of The Queen.

The Lord Privy Seal said that the purpose of the First Secretary's proposal appeared to be wholly presentational since it was already the practice for Government Departments to make available full information in consultations and negotiations under the Whitley system. Circumstances could however arise, which could not now be foreseen, in which a Minister decided that he could not provide certain information which was requested by the unions and was not excluded in terms by the Bill. In present circumstances if a refusal to provide information became a serious issue it would in the last resort be decided by the Cabinet. Under the First Secretary of State's proposals a ruling would be given by the Industrial Court which would, however, have no power to enforce it. If the Minister concerned continued his refusal to disclose information both he and the Industrial Court would be placed in a most difficult position. The acceptance of independent arbitration in respect of pay awards was a totally different matter. He urged that the disclosure provisions of the Bill should not apply to the Crown but that the Government should give an undertaking to observe the spirit of the provisions in their relations with their own employees.

In discussion it was the general view that it would make very little difference in practice whether statutory provisions relating to disclosure of information applied to the Crown or not. However, as in the case of the Race Relations Act 1968, the Government would in practice find it difficult to resist the application of such provisions to the Crown and it might therefore be wiser to include such provisions in the Bill from the start.

The Prime Minister, summing up this part of their discussion, said that the Cabinet agreed that the requirements relating to disclosure of information should apply to the Crown on the lines indicated by the First Secretary in paragraph 9 of C (70) 48.

The Cabinet—

(3) Took note, with approval, of the summing up of this part of their discussion by the Prime Minister.
The Cabinet—

(4) Agreed that the First Secretary of State should have discretion, in the light of her further discussions with the TUC on the matter, to follow either of the courses described in paragraph 12 of C (70) 48.

The Cabinet—

(5) Invited the First Secretary of State, in consultation with the Lord Chancellor and the Chief Secretary, Treasury, to work out as soon as practicable a solution to the problems posed by the very substantial additional load of work to be placed on the Industrial Tribunals as a consequence of the enactment of the Bill.

(6) Agreed that until satisfactory administrative arrangements had been devised the extension of the Industrial Tribunals jurisdiction to disputes arising from individual contracts of employment would have to be delayed.

The First Secretary of State recalled that the Cabinet had previously decided that, in the Commission for Industry and Manpower Bill, trade unions would not be made liable for proceedings and penalties for failure to provide information: in that Bill the liability was confined to corporate bodies and individuals, including of course trade union officials. IR had decided that in the present Bill it would be advisable to provide the Commission on Industrial Relations (CIR), which would be established as a statutory body, with powers similar to those given to the National Board for Prices and Incomes under the legislation on prices and incomes so that the CIR could take action against trade unions too for failure to provide information. The CIR would be more involved than the Commission for Industry and Manpower in obtaining information from trade unions and employers’ associations and would require a sanction against a refusal to produce it.

The Cabinet—

(7) Agreed that the Industrial Relations Bill should provide the Commission on Industrial Relations with powers to take proceedings against trade unions and employers’ associations, as well as against corporate bodies and individuals, for failure to provide information.
5. In a resumed discussion on the purchase of 10-ton trucks for the Army the Cabinet considered a memorandum by the President of the Board of Trade (C (70) 47) about the price quoted for the Volvo truck.

The Minister of State, Board of Trade, said that the Board of Trade would not normally investigate an allegation of dumping unless they received an application from the industry supported by prima facie evidence of dumping and material injury. The available evidence did not suggest that there was any considerable element of dumping in the Volvo price; and it would be very difficult to show, as we would be required to do under the terms of the anti-dumping code of which we and Sweden were signatories, that the damage to the British industry’s export prospects, which would arise from the award of the contract to Volvo, constituted a clear and imminent threat of material injury. Nevertheless, he was not satisfied that the case for awarding the contract to Volvo on technical grounds was anything like so strong as had been suggested. Since the tests which had been carried out in 1967, the AEC engine had been greatly improved. The AEC truck had a stronger chassis than the Volvo; its engine was larger and required less frequent overhauls; and it could use any type of water for cooling. Over 8,000 AEC engines had been sold abroad and were operating satisfactorily in conditions comparable with those which had been cited for the Volvo. In his view the Ministry of Defence had not given sufficient weight to these factors or to the risks involved in relying on a foreign company for spares. Bearing in mind the damage which the award of the contract to Volvo could do to the reputation of the British industry in third markets, he proposed that an independent appraisal should be undertaken urgently to determine the relative technical merits of the AEC and Volvo trucks.

The Secretary of State for Defence said that the Ministry of Defence had arranged for a very thorough technical assessment by engineers, users and maintainers taking account of information from firms which had made extensive use of the rival trucks. This placed the Volvo truck well ahead of all others in technical excellence, reliability, durability and performance. To reject the Volvo tender despite the results of this evaluation would give rise to serious difficulties with the Swedish Government and the European Free Trade Association (EFTA). He was satisfied that the right course was to award the contract to Volvo and it would be helpful to announce at the same time the award of a more valuable contract of tracked vehicles to a British company.
In discussion it was urged that to reject the Volvo tender would represent a serious breach of the EFTA Convention. The general view, however, was that, bearing in mind the damage which the award of the contract to Volvo could do to the reputation of British exporters, there should be an independent and objective technical appraisal of the relative merits of the AEC and Volvo trucks before a final decision was taken.

The Prime Minister, summing up the discussion, said that on balance the Cabinet agreed that there should be an independent appraisal on the lines proposed in discussion before a decision was taken. The Secretary of State for Defence should agree with the Minister of Technology and the Chief Secretary the scope and nature of this appraisal and the person or persons who should carry it out, and should circulate a memorandum on the outcome to members of the Cabinet.

The Cabinet—

Invited the Secretary of State for Defence, in consultation with the Minister of Technology and the Chief Secretary, Treasury, to arrange for an appraisal to be carried out on the lines indicated in the Prime Minister’s summing up; and to report the outcome to members of the Cabinet.

Cabinet Office, S.W.1,
9 April, 1970.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Monday, 13 April, 1970,
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. 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. 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
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

Also present:
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury

Secretary:
Sir BURKE TREND
Subject
THE BUDGET
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.

Cabinet Office, S.W.1,
13 April, 1970.
17th Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 16 April, 1970, at 10.30 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 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 (Item 7)
The Right Hon. ROY MASON, M.P., President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
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. 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. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:
The Right Hon. JUDITH HART, M.P., Minister of Overseas Development (Item 6)
The Right Hon. SIR ARTHUR IRVINE, Q.C., M.P., Solicitor-General
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1. The Cabinet were reminded that, in accordance with established procedure, Ministers wishing to make public speeches referring to foreign or economic policy should first consult the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer respectively. The text of speeches relating to our negotiations with the European Economic Community should be cleared in advance with the Chancellor of the Duchy of Lancaster and should be shown at the same time to the Chairman of the Official Committee on the Approach to Europe.

2. The Cabinet noted that Mr. Patrick Gordon Walker's book on "The Cabinet" had been seen in advance by the authorities who made certain suggestions on the normal grounds of propriety, convention and so forth. Speculation about the nature of any resulting excisions and about discussions in the Cabinet, to which the book might be thought to refer, should be firmly discouraged.

3. The Cabinet were informed that several Ministers had been approached by Mr. Bruce Heady, who was undertaking an academic study of government in conjunction with Professor Richard Rose of the University of Strathclyde. Mr. Heady had asked to be provided with copies of old appointments diaries (with the actual names of Cabinet Committees erased) in order to give him some idea of the way in which different Ministers organised their time and the relative proportions of effort which they devoted to Committees, visits, receiving deputations and so on. The general view of the Cabinet was that it would not be appropriate to provide Mr. Heady with diaries for this purpose.

4. The Cabinet were informed of the business to be taken in the House of Commons in the following week. They agreed that a Motion should be introduced on 22 April to recommit the Education Bill. This was necessary because, owing to a series of accidents, the Government had been defeated in Standing Committee on Clause 1, which was fundamental to the whole purpose of the Bill.
5. The Chancellor of the Duchy of Lancaster said that in the recent elections in Rhodesia the electorate, consisting of about 80,000 Europeans and 8,000 Africans in a total population of some 5 million, had given the expected overwhelming majority to Mr. Ian Smith's Rhodesia Front Party, which had won all of the 50 European seats. The multiracial Centre Party had, however, obtained some 12 per cent of the total European vote. Just over 50 per cent of the African electors had voted, which indicated that the boycott advocated by African nationalist organisations had had some effect. The Centre Party had however attracted a significant share of the African vote.

The Chancellor of the Duchy of Lancaster said that it was satisfactory that the Council of Europe at its meeting at Strasbourg on 15 April had decided by 15 votes to nil, with 2 abstentions, to publish the Report of the Human Rights Commission referring to recent violations of the European Convention on Human Rights in Greece. Although the Greek Government had recently sanctioned the release of some 360 political prisoners, possibly in an attempt to influence the atmosphere at Strasbourg, about 1,300 such prisoners still remained in custody. Moreover, the Greek authorities had recently staged a series of political trials. No death sentences had been imposed in these, but in one instance a sentence of life imprisonment had been passed on an academic with no Communist affiliations. There were few grounds for optimism about the domestic policy of the Greek military régime.

The Cabinet—

Took note of the statements by the Chancellor of the Duchy of Lancaster.

*The Cabinet considered a memorandum by the Home Secretary (C (70) 50).

The Prime Minister recalled that at their meeting on 26 March the Cabinet had discussed the problems which would arise if the former rebel leader of “Biafra”, Colonel Ojukwu, were to attempt to come to this country. They had decided to discuss the matter further after the Easter Recess in the light of the views of the Attorney-General, with particular reference to the position which would obtain if, despite our best endeavours to exclude him, Colonel Ojukwu were to succeed in securing admission to this country; and they had agreed that, if Colonel Ojukwu were to attempt to enter Britain in the interim, he should be refused

* Previously recorded in a Confidential Annex.
admission on security grounds. The Prime Minister drew attention to the extremely sensitive nature of the question. Any premature disclosure would be extremely damaging both domestically and in terms of relations with the Federal Military Government of Nigeria. The matter should not be discussed with junior Ministers or Parliamentary Private Secretaries: nor should it be discussed with officials unless it was absolutely necessary for them to know.

The Home Secretary said that his memorandum had been drafted in the light of the views of the Attorney-General. It was possible that Colonel Ojukwu might seek to leave the Ivory Coast, where he had been granted political asylum, for the Republic of Ireland, Switzerland or France. The possibility that he might subsequently attempt to enter Britain could not therefore be discounted. A difficult situation would arise if Colonel Ojukwu gained admission to the Republic of Ireland: but the Government of that country had indicated that they would not be prepared to let him enter the Republic. The Swiss Government were apparently willing to admit him. The French Government had not expressed any opinion. The Home Secretary said that he was prepared to refuse admission to Colonel Ojukwu on security grounds and to maintain the instructions to the Immigration Service set out in paragraph 6 of his paper if, in the light of the international considerations involved, his colleagues considered that this was the right course to adopt. But such action would be criticised in this country and elsewhere as high-handed; and the Cabinet should be fully aware of this. The statutory immigration appeal system had not yet been introduced. But its introduction could not be delayed indefinitely; and once it had been brought into force it would considerably limit his freedom of action in that, if Colonel Ojukwu decided to invoke the rights of appeal which this procedure would give him, there would be no alternative to allowing him to remain in this country until his appeal had been heard. While there were considerable problems involved in refusing Colonel Ojukwu admission to this country, much greater difficulties would arise if he were to succeed in gaining entry through a failure by the immigration authorities to recognise him or by deception on his part or if (as we had no means of preventing him from doing) he were to enter Great Britain from the Republic of Ireland, either directly or via Northern Ireland. In that event our prospects of ensuring his departure from the country would be slight: and we should be under no illusions about this.

In discussion there was general agreement that the decision to refuse admission to Colonel Ojukwu on security grounds should be maintained. It was noted that difficult and delicate legal and
political problems would arise if Colonel Ojukwu were to succeed in gaining admission to this country despite our efforts to exclude him. But these had to be weighed against the extremely serious consequences for our relations with the Federal Military Government of Nigeria and for our interests in Nigeria if Colonel Ojukwu were allowed to remain in this country.

The Prime Minister, summing up the discussion, said that at a later stage it might be necessary to give further consideration to the problems which might arise if, despite our best endeavours, Colonel Ojukwu succeeded in entering Britain. Meanwhile, the Cabinet approved the Home Secretary’s paper and confirmed the decision to refuse admission to Colonel Ojukwu on grounds of security.

The Cabinet—
(1) Approved C (70) 50.
(2) Agreed that the decision to refuse admission to Colonel Ojukwu on grounds of security should be maintained.
(3) Took note that, at a later stage, it might be necessary to consider further the problems which might arise should Colonel Ojukwu nevertheless succeed in entering this country.

6. The Cabinet considered a memorandum by the Foreign and Commonwealth Secretary (C (70) 51).

The Chancellor of the Duchy of Lancaster said that at their meeting on 26 March the Cabinet had agreed to give further consideration to the questions of recognition of the present régime in Lesotho and the resumption of aid after the Easter Recess. Lesotho was a small poor country entirely surrounded by South African territory and largely dependent for its economic survival on exporting labour for the South African mining industry. It was also heavily dependent on aid from the United Kingdom, which last year constituted 44 per cent of the Lesotho Budget. Since the coup undertaken by Chief Jonathan when he realised that the elections were going against him, there had been some disturbances; but Chief Jonathan remained in effective control of the country, thus meeting our normal criteria for recognition. Since Chief Jonathan’s suspension of the Constitution we had been bringing discreet pressure to bear with a view to bringing about a return to constitutional rule. But attempts to induce Chief Jonathan and the Opposition to make use of the good offices of the President of Botswana, Sir Seretse...
Khama, and the Commonwealth Secretary-General, Mr. Arnold Smith, had been unsuccessful. It had not so far been possible to enlist the interest of the Organisation of African Unity (OAU); and since the Foreign and Commonwealth Secretary’s paper had been prepared, the talks between Chief Jonathan and the Opposition referred to in paragraph 3 had run into difficulties, with the Opposition proposing a British military presence in Lesotho and a Commonwealth Commission to supervise a return to constitutional government, and Chief Jonathan rejecting any outside intervention. This latter development however did not affect the basic situation, which was that we could not indefinitely defer recognition of a régime which was manifestly in effective control; that suspension of aid would inevitably cause considerable hardship; and that to withhold British recognition for Chief Jonathan would leave him with no alternative but to fall back on the support of South Africa. The Foreign and Commonwealth Secretary had accordingly sought his colleagues’ agreement that we should now take the necessary preliminary measures to clear the way for a decision on the resumption of normal relations with Lesotho, possibly at short notice, according to developments. As part of these measures, we should inform the President of Botswana confidentially of our views, leaving him time to comment before any action was taken. This might be done in a personal message from the Prime Minister. The question of the resumption of aid could be considered in the light of the circumstances in which recognition was accorded.

The Minister of Overseas Development said that she agreed with the Foreign and Commonwealth Secretary’s paper. Any decision on the resumption of aid would have to be taken in the light of developments following recognition. One important factor would be the capacity of the Government to make effective use of aid, since this had been adversely affected by Chief Jonathan’s wholesale dismissals of experienced civil servants. The effects of the suspension of British aid had begun to be felt in Lesotho with the ending of the old financial year: it was perhaps no accident that the initiative of talks between the régime and the Opposition had coincided with this. Though as yet there was no sign of serious hardship, the pressure we had brought to bear was possibly beginning to have some effect.

In discussion there was general agreement that no action should be taken with a view to recognition until Sir Seretse Khama had been informed of our intentions. The considerations in favour of early recognition had to be balanced against the desirability of using recognition and the resumption of aid as a lever to secure a return to constitutional government. The point was made that there was
still a possibility, albeit a remote one, of intervention by the OAU and that it might be preferable to have some clear indication of the Organisation's intentions before a decision to grant recognition was taken.

The Prime Minister, summing up the discussion, said that the Cabinet were in favour of giving the Foreign and Commonwealth Secretary the discretion for which he asked. In making use of this, he would be guided by the points made in discussion. The Prime Minister and Foreign and Commonwealth Secretary would bring the matter back to the Defence and Oversea Policy Committee or the Cabinet, as appropriate, if there were any developments either in regard to an intervention by the OAU or in any other direction which affected the general conclusions reached in discussion.

The Cabinet—

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

7. The Minister without Portfolio said that he had been approached by Mr. Adam Fergusson of The Times who wanted to publish a series of articles based on interviews with Ministers about major aspects of Government policy. The purpose of the articles would not be to subject the policies to critical analysis but to provide a platform for an objective, non-partisan assessment of the Government’s policy. They would be broadly similar to the articles on the Conservative Party’s policies which had appeared in The Times in 1969 and might cover such fields as economic affairs, social and education policy, the environment, regional policy and external affairs.

In discussion some doubts were expressed about the value of such articles and attention was drawn to the difficulty of providing information of the kind requested on economic, and especially fiscal, policy. The general view, however, was that the articles would provide a useful means of putting Government policy across to the public and that, on the understanding that Ministers were free to conduct the interviews in their own way, there was no reason to reject Mr. Fergusson’s proposal. The subjects to be covered would have to be carefully selected; in the field of economic policy the balance of payments would be the most appropriate topic for discussion.

The Prime Minister, summing up a short discussion, said that the Cabinet agreed that a series of articles on the lines proposed would be useful. Departmental Ministers should inform the
Minister without Portfolio, who would co-ordinate the arrangements, which subjects they considered should be covered and which avoided. When giving interviews to Mr. Fergusson, Ministers should speak as members of the Government and should normally be accompanied by their Information Officers.

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

_Cabinet Office,

16 April, 1970_
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 23rd April, 1970,
at 11 a.m.

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

The Right Hon. LORD GARDINER, M.P., Lord Chancellor (Items 1-3)

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. 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. 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. HAROLD LEVER, 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 Prime Minister invited the Cabinet’s attention to the statement which he had made in the House of Commons on 21st April rebutting an allegation that he had sought to prohibit contacts between Opposition leaders and senior members of the public service and reaffirming the normal conventions in this matter.

In the course of a discussion of the implications of the Prime Minister’s statement there was general agreement on the importance of ensuring that the principles which it had laid down were observed throughout the public service. After reviewing certain specific instances in which the issue had arisen, the Cabinet agreed that the decision in individual cases must necessarily be left largely to the discretion of the Ministers and officials concerned. But in principle a clear distinction should be drawn between requests by Opposition representatives for information about the machinery of government and requests for information about developments of Government policy. As regards the former there need be no objection to reasonable contacts between senior civil servants and Opposition leaders if the Opposition wished to inform themselves on factual questions of Departmental organisation and structure and to keep abreast of organisational changes which might be in contemplation. Similar arrangements could be permitted, for the same purpose and to the same extent as had applied in the reverse case before the Government came into office in 1964, if it was a question of ensuring that, in the event of an Opposition victory at the forthcoming General Election, the transfer of authority and responsibility would be effected as smoothly as possible. Requests for information about policy, however, fell into a wholly different category, particularly if they concerned such sensitive issues as, e.g. the details of the forthcoming negotiations for British accession to the European Economic Communities. It should be clearly understood by all concerned that any contacts between the Government and the Opposition on matters of this kind should be conducted at Ministerial level and that, in so far as officials took part, they should do so only in support of their Ministers.

In order to ensure consistency of practice in this field all Ministers should supply the Prime Minister with details of the occasions on which officials of their Departments had recently had contacts with representatives of the Opposition and should arrange for him to be informed of any similar approaches in the future.

2. The Cabinet were informed of the business to be taken in the House of Commons in the following week.
The Cabinet noted that a Private Member’s Bill to abolish British Standard Time and authorise the resumption of Greenwich Mean Time from 1st October, 1970, was likely to be debated on 1st May. They agreed that the Bill was unacceptable and that the three-year experiment, for which the British Standard Time Act, 1968, provided, should be allowed to run its full course. They also agreed that it would be appropriate for a back-bench supporter of the Government to table a reasoned amendment to Mr. Peter Fry’s Motion on problems of the permissive society which was to be debated on 4th May; and that a Home Office Minister should intervene in the debate to explain the Government’s attitude to the problems listed in the Motion and the steps they had taken to deal with them.

The Cabinet were informed that if the state of business permitted two weeks to be taken for the Whitsun Recess the House of Lords would probably sit until 21st May and return on 8th June.

3. The Chancellor of the Duchy of Lancaster said that there had been a series of disturbances in Trinidad instigated by the Black Power movement. The immediate occasion of these had been the trial of Trinidadian students in Canada on charges of arson; but there had been a long-standing background of economic discontent. On 21 April, the Prime Minister of Trinidad and Tobago, Dr. Eric Williams, had declared a state of emergency and had ordered the detention of 25 Black Power leaders: but 10 of these had so far evaded arrest. The situation was complicated by the fact that at much the same time some 50 members of the Trinidad and Tobago Regiment, who sympathised with the Black Power movement, had mutinied and had established themselves in the former United States base at Chaguaramas, where they were holding 200 members of the Regiment as hostages. At the outset Dr. Williams had asked us to transmit requests to the Head of the Federal Military Government of Nigeria, General Gowon, and to the President of Tanzania, Mr. Nyerere, for the despatch of troops to assist him in restoring order. He had also sought British assistance in transporting these troops to Trinidad and had asked us to supply light weapons to replace those seized by the mutineers. Dr. Williams had subsequently decided not to pursue his approach to Nigeria and Tanzania: but urgent consideration had been given to our response if he pursued his request for arms.

Meanwhile, measures were being taken to ensure the safety of the 2,000 United Kingdom subjects in Trinidad. We had major economic interests in the island; and our investment there was estimated at about £150 million. Moreover, Dr. Williams was a
strong and effective leader, who had considerable influence in the African Commonwealth countries; and it was therefore important that we should do what we could to maintain our relationship with him and to avoid giving him any grounds of complaint as regards our response to his appeal.

The Defence Secretary said that one frigate, HMS Jupiter, had been despatched to Trinidad, with orders to remain 30 miles off-shore, and would be in position that night. A second frigate, HMS Sirius, would reach the island within the next two days and would also remain off-shore and out of sight. HMS Jupiter carried a helicopter and could provide a naval landing party of two platoons trained in riot control. The complement of HMS Sirius included a detachment of Royal Marines. The situation created by the mutiny in the Trinidad and Tobago Regiment was serious, since out of a total strength of 700 men 50 were taking an active part in the mutiny and 200 had been neutralised by the mutineers. The mutiny had also left the loyal troops critically short of arms. The arms which Dr. Williams needed could be despatched by midnight that night if he so requested; but he now seemed more likely to rely on supplies from the United States. He was also reported to have been promised reinforcements of 1,000 men from Venezuela. Guyana was considering supplying some weapons; but the response from Jamaica, to which Dr. Williams had also appealed, was not yet known.

In discussion it was suggested that, while the disturbances in Trinidad were on a small scale in terms of the forces involved, the political issues involved could be far-reaching. If we were to become involved in the internal security problems of an independent member of the Commonwealth, the consequences might be serious—the more so in that Dr. Williams’ Government had already incurred local criticism on the grounds of their alleged reliance on British and American support. The forces which could be provided by our two frigates were too small to be able to exercise any decisive influence on the maintenance of internal security in Trinidad. If the situation were to deteriorate to a point at which it became necessary to intervene in force to save British lives, a battalion of parachutists could be made available, which could reach Trinidad in two to four days. But it was clearly desirable to avoid such a degree of involvement if possible; and British troops should be committed only in the last resort. Some concern was expressed whether Dr. Williams’ assessment of the situation was over-optimistic. There had been some doubt whether he would in fact receive from the United States and elsewhere the supplies of arms and the assistance
on which he appeared to be counting but the latest indications were that some arms from United States sources could already have reached him.

The Prime Minister, summing up the discussion, said that the Cabinet agreed on the importance of maintaining relations of confidence and sympathy with the Government of Trinidad and Tobago. A successful Black Power revolt would have serious repercussions elsewhere in the Caribbean; and, if these extended to the Associated States, it might prove impossible for us to avoid intervention. On the other hand we should clearly refrain from becoming directly involved in an internal security operation in an independent country. The situation, especially as regards the supply of arms to the Trinidad Government, would be closely watched; and, if immediate decisions were required, he himself would need to have discretion, in consultation with the Chancellor of the Duchy of Lancaster and the Defence Secretary, to take the necessary action. Developments would also be reported, as appropriate, to the Defence and Oversea Policy Committee.

The Cabinet—

(1) Took note, with approval, of the statements by the Chancellor of the Duchy of Lancaster and the Defence Secretary and of the Prime Minister’s summing up of their discussion.

(2) Agreed that the Prime Minister, in consultation with the Chancellor of the Duchy of Lancaster and the Defence Secretary, should have discretion to take appropriate action, including the supply of arms, if developments in Trinidad made it necessary to do so at short notice.

4. The Cabinet considered a memorandum by the Secretary of State for Social Services on the preservation of occupational pension rights (C (70) 52).

The Secretary of State for Social Services said that the Government were taking power in the National Superannuation and Social Insurance Bill to require occupational pension schemes to offer deferred pensions to employees who left before retirement age. As at present drafted the Bill did not cover pensionable service before the appointed day on which the legislation came into effect. This was due to opposition from the Confederation of British Industries to action which in their view could amount to the
retrospective alteration of the terms of existing pension contracts against the wishes of one of the parties. The exclusion of service before the appointed day, had, however, been strongly criticised by the Trades Union Congress and by Members of Parliament of all parties; and with the support of the Social Services Committee he proposed that a Government amendment should now be tabled extending the scope of the Bill to pensions earned by service before the appointed day. The Law Officers had advised that such legislation would not be truly retrospective in that it would impose an obligation on employers only in respect of employees who left after the legislation came into operation. There would not be any special problems of enforcement and only a small minority of schemes, which were financed on very small margins, would be likely to suffer significant damage. As regards cost, he was advised by the Government Actuary that the effect would be to bring forward the full cost of preservation, which was estimated at between £20 million and £25 million a year, rather than to allow it to build up gradually from an initial level of about £10 million a year.

In discussion there was general agreement that pensionable service before the appointed day should be covered in the legislation. It was, however, pointed out that the introduction of retrospection might well result in more people opting for preservation of their pensions rather than a refund of contributions, in which case the actual cost would be higher than the Government Actuary had estimated.

The Cabinet—

Approved the proposal in C (70) 52.

Cabinet Office, S.W.1,
23rd April, 1970.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 30th April, 1970,
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 (Items 1-4)
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. GEORGE THOMSON, M.P., Chancellor of the Duchy of
Lancaster
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture,
Fisheries and Food (Items 1-3)
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. HARRIETT WILSON, M.P., Paymaster General (Items 2-6)

The following were also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary,
Treasury (Items 1-4)
The Right Hon. SIR ELWYN JONES, O.C., M.P., Attorney-General

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week. Subject to the views of the First Secretary of State, who was unable to be present, it was agreed that the debate on the Second Reading of the Industrial Relations Bill should be held after the Whitsun Recess so as to allow the Government's supporters more time to study its provisions. The date on which the debate would be held should, however, be announced before the Recess, if possible.

The Cabinet were informed that, subject to the progress of business, it was proposed that the House should rise for the Whitsun Recess on Friday, 15 May and return on Monday, 1 June.

2. The Foreign and Commonwealth Secretary said that South Vietnamese forces had crossed into Cambodia with the object of destroying the North Vietnamese and Vietcong bases which had been established there under the régime of Prince Sihanouk, in violation of Cambodian neutrality. Since Prince Sihanouk had been overthrown, attacks on South Vietnam from these bases had been intensified; and it was not yet clear whether the South Vietnamese action would be a once-for-all operation or whether it would continue. Meanwhile, categorical statements on the matter should be avoided. In any public statement which might have to be made we should take the line that these developments emphasised the importance of a political settlement and of the re-establishment of genuine Cambodian neutrality. To this end, it would be desirable to reactivate the International Control Commission and reconvene the Geneva Conference. The President of the United States, Mr. Nixon, had decided to support the South Vietnamese action, and was likely to make a public statement to this effect in the near future. While we should avoid dissociating ourselves from the United States, we should be equally careful not to endorse the action they had taken, especially in view of our position as Co-Chairman of the Geneva Conference.

In discussion it was suggested that President Nixon's decision might have far-reaching consequences in terms of renewed United States involvement in Indo-China. If it were to lead to an increased United States commitment, a slowing down in the rate of withdrawal of United States troops and a setback to the policy of Vietnamisation of the conflict, there would be liable to be widespread adverse
Middle East
(Previous Reference: CC (70) 14th Conclusions, Minute 2)

Visit by the Foreign and Commonwealth Secretary to the Far East

reactions both in the United States itself and elsewhere. In these circumstances, it was arguable that we should seek to exert a positive influence on the United States in order to prevent an extension of the war and to secure the continuance of a policy of withdrawal of United States troops. On the other hand the extent and scope of operations in Cambodia were as yet unknown; and more suitable opportunities for urging our viewpoint on the Americans might arise after President Nixon had made his expected statement.

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 Israeli Government had issued an announcement on 29 April to the effect that Soviet pilots were now flying operational missions from military installations in the United Arab Republic (UAR) under Soviet control. A Private Notice Question had been put down in the House of Commons on this subject for reply that day; but the Question might not be allowed. Our information was that there were Soviet pilots in the UAR, that they had been engaged in training activities but that they had not so far been used over Israel or Israeli-occupied territory or for interception of Israeli aircraft over the UAR itself. In making this announcement, the Israeli authorities may have hoped to strengthen their case for increased supplies of military aircraft from the United States.

The Foreign and Commonwealth Secretary said that he had visited Japan to attend the 1970 Exposition and hold the usual annual talks with the Japanese Government. Our participation in the Exposition was showing satisfactory results. Though we had spent less on our pavilion than the United States or the Soviet Union, or indeed France or Germany, it appeared to have achieved its objective of presenting Britain as a country with an advanced modern industry and technology as well as historic traditions. The Japanese Government had appeared to be impressed by the recovery in our economic position. They had expressed concern about developments in the Far East and regret at the impending withdrawal of our forces from East of Suez; but they seemed to envisage their own role as being restricted to the provision of economic aid and the encouragement of economic and technical co-operation in the area, and were evidently reluctant to become involved in its defence by military means.

The Foreign and Commonwealth Secretary had also visited Hong Kong. The economy of the Colony was flourishing and was
now supporting a population of some 4 million. But in the face of
the threat from China, increasing prosperity had brought with it no
demand for increased participation by elected members in the
processes of government.

The Foreign and Commonwealth Secretary said that the
situation had eased over the past few days. In Trinidad the mutiny
in the Trinidad and Tobago Regiment had been virtually brought
to an end as a result of the negotiations with the mutineers
conducted by the former commander of the Regiment, Colonel
Serrette: but some mutineers had disappeared, taking their arms
with them, and were still unaccounted for. Meanwhile HMS Jupiter
remained off Port of Spain. In Grand Cayman, demonstrations had
been instigated by land speculators, who had hoped to frustrate the
Government’s attempts to control their activities. There was some
danger that Black Power agitators might attempt to take part in the
agitation; but the authorities appeared to have the situation under
control and HMS Sirius remained in the vicinity of the island. In
Antigua the threat of disturbances associated with the strikes of
dock workers and civil servants appeared to be receding.

The Foreign and Commonwealth Secretary said that, following
our refusal to modify our offer of aid covering the five years from
1 April, 1969, on the basis of 50 per cent loan and 50 per cent grant,
the Maltese Government had defaulted on the servicing of the loans
which we had made to them. The United Kingdom High
Commissioner had protested. The Maltese Prime Minister Dr. Borg
Olivier, had not laid undue stress on the dispute with the United
Kingdom over aid in his Budget speech: and it was possible that
discussions might be resumed. But the situation was unsatisfactory;
and it might prove necessary for him to invite the Cabinet to
reconsider the earlier decision on aid.

The Cabinet—
2. Took note of the statements by the Foreign and
Commonwealth Secretary.

*3. The Foreign and Commonwealth Secretary said that the
General Secretary of the Nigerian National Sports Council,
Mr. Ordia, who was also President of the Supreme Council for Sport
in Africa, had recently informed the United Kingdom High
Commission in Lagos of his intention, in the latter capacity, to
announce that no African team would attend the Commonwealth

* Previously recorded in a Confidential Annex
Games to be held in Edinburgh later this year unless the Cricket Council’s decision to invite a South African cricket team to visit England was reversed. Information from African Commonwealth countries suggested that not all of them would be in favour of a boycott of the Commonwealth Games if the South African tour took place: but few were likely to be willing to face the criticism they would incur by opposing it.

The Prime Minister said that the Cricket Council’s decision to persist with the South African tour had created a difficult situation. Expenditure of some £2.3 million, of which £1.3 million was from public funds, had been incurred in Scotland on preparations for the Commonwealth Games. Though some African Commonwealth countries might be unenthusiastic about a boycott, they were unlikely to oppose it. On the contrary, support for the boycott might spread to other non-white Commonwealth members; and the final outcome might be a Commonwealth Games meeting at which representation would be preponderantly from the white members of the Commonwealth. This raised implications which went beyond the sphere of sport. He had accordingly directed that developments should be kept under the close review by the Departments concerned; and an interdepartmental committee under the chairmanship of the Minister of State, Ministry of Housing and Local Government, had already considered certain aspects of the problem, in particular ways and means of applying indirect pressure to the Cricket Council with a view to persuading them to reconsider the South African tour.

The Home Secretary said that he had already had a discussion on this subject with the Opposition spokesman on home affairs, Mr. Hogg. In the course of this he had been at pains to make clear to Mr. Hogg that the difficulties which had arisen stemmed from the Cricket Council’s decision to let the tour proceed and not from any action by the Government. The Council were now attempting to blame the Government for the consequences of their own obduracy; but this should be resisted. The Commissioner of Police for the Metropolis was confident that the Metropolitan Police could deal with any demonstrations against the South Africans arising out of matches played in London. But this might be too optimistic a forecast, since, although the main organisations opposing the South African tour had disclaimed any intention of violence, demonstrations initiated by them might be exploited by others who were less scrupulous. At Lord’s, a charge would be made to the Marylebone Cricket Club (MCC) only in respect of those police who were actually on duty inside the ground. The maintenance of order outside the ground was a normal police commitment and chargeable to public funds. The charge would be
at the full rate of £11–£12 per man per day; and, since some 100
police would be required inside the ground, this would represent a
strain on the resources of the MCC and of other cricket clubs,
which might induce them to reconsider the desirability of proceeding
with the matches which were envisaged. Some police forces outside
London had indicated that they would charge less than the full
scale; but the Commissioner for the Metropolis would discuss the
matter with the Chief Constables concerned with a view to securing
the maximum of uniformity of practice with London. It would be
legally and administratively possible to ban the tour. But the
necessary amendments to the instructions to Immigration Officers,
though they would not require the formal approval of Parliament,
would have to be laid before the House of Commons; and it would
be difficult to avoid a major debate, with unpredictable
consequences. Meanwhile, he had received from the organiser of
the "Stop the 70 Tour Campaign", Mr. Peter Hain, a letter asking
for assurances that the police would not adopt discriminatory
methods in dealing with any demonstrations. He proposed to
return a firm reply, pointing out that police policy for the control
of demonstrations was well known and that no such assurances were
necessary.

In discussion there was general agreement that it would be
inadvisable to take direct Government action with a view to stopping
the South African cricket tour. Although it was perhaps unlikely
that the Cricket Council would now cancel the tour, public opinion
seemed to be moving against it. The police, however, would have
a difficult task; and it was important that insinuations such as those
contained in Mr. Peter Hain's letter to the Home Secretary should
be firmly rebutted. It was suggested that, if evidence came to light
suggesting that the Stop the 70 Tour organisation or other bodies
opposed to the South African tour were concerting plans to interfere
with cricket matches against the South Africans, this might lay
them open to prosecution for conspiracy, even before such plans
had actually been put into operation. It was therefore important
that nothing should be said in correspondence with Mr. Hain or
any of the other parties concerned which might prejudice this
possibility. On the other hand a prosecution for conspiracy was
less likely to be effective than one based on an actual breach of the
peace.

In further discussion reference was made to the employment
by the MCC and other cricket clubs of personnel and guard dogs
from private security agencies. While there was no objection to
such measures for the protection of grounds and premises which
were the property of the clubs, the control of crowds and the
maintenance of order at matches should be enforced by, or under the direction of, the police and there should be no question of their being supplanted for these purposes by private agencies.

The Cabinet—

Took note of the statements by the Prime Minister, the Foreign and Commonwealth Secretary and the Home Secretary and of the points made in discussion.

CONFIDENTIAL

4. The Cabinet considered a note by the Secretary of the Cabinet (C (70) 56) to which was attached a memorandum by the Minister of Defence for Equipment on the closure of Glyncorrwg colliery.

The Prime Minister said that he had received representations from the Minister of Defence for Equipment about the proposed closure of the Glyncorrwg colliery. The Minister had no Departmental interest in the colliery which was situated in his constituency. While there could be no question of allowing decisions to be reopened in Cabinet on purely constituency grounds, this particular case appeared to involve wider considerations which had not so far been collectively considered by Ministers. In the ordinary way he would have arranged for the matter to be referred, in accordance with precedent, to the appropriate Cabinet Committee; but as the colliery was due to be closed on the following day this had not been possible. He had accordingly thought it right, exceptionally, to bring the matter to the attention of the Cabinet.

The Paymaster General said that, following the meeting of the Ministerial Steering Committee on Economic Policy (SEP) on 8 April, he had asked the Chairman of the National Coal Board (NCB), Lord Robens, to reconsider his decision to close the colliery. Lord Robens had, however, advised him very strongly that this would be a mistake. Working conditions at Glyncorrwg were bad and unpleasant for the men; and this had led to feelings of frustration among both men and management, with the result that the colliery suffered from a continuous spate of disputes and high absenteeism. Lord Robens had assured him that the men concerned recognised that the natural conditions were insurmountable and that the colliery had to close; and that the NCB would be able to offer virtually all the men under 55 years old jobs at other collieries where they were urgently needed. In these circumstances, he did not feel justified in making a specific offer to cover losses under the Coal Industry Act in order to keep the pit open.

The Secretary of State for Wales said that he had been in close touch with the Paymaster General throughout and accepted his
Financial assistance to private industry
decision. Glyncorrwg was an inaccessible and isolated village; and Lord Robens’ view that, given the bad physical conditions, it was in the men’s best interest that the pit should close would be generally accepted locally. There was no disposition on the part of the National Union of Mineworkers to try to save the colliery, though their attitude had radically altered when they learned that the NCB proposed to import smokeless briquettes from France.

In discussion it was agreed that there were no grounds for seeking to halt the closure of the colliery. The decision to import briquettes could, however, damage the Government’s relations with the miners which were at present generally good, and its implications should be fully examined. Further consideration should also be given to the effect of the NCB’s failure to provide adequate supplies of smokeless fuel on the Government’s attempts to combat pollution; and to the wider problems arising from the use of North Sea gas and the growing pressure for clean air.

*The Prime Minister,* summing up the discussion, said that the Cabinet endorsed the action taken by the Paymaster General and agreed that the decision to allow the colliery to be closed should stand. Ministers should consult the Paymaster General before making any public reference to the closure or to the NCB’s behaviour in relation to the Glyncorrwg colliery or the supply of smokeless fuel. He would arrange for SEP to consider urgently the wider problems which had been raised in the discussion.

The Cabinet—

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

5. The Cabinet considered memoranda by the Minister of Technology (C (70) 53) and the Chief Secretary, Treasury (C (70) 55) about financial assistance to private industry.

*The Minister of Technology* said that on 12 January the Ministerial Steering Committee on Economic Policy (SEP) had invited him, in consultation with the Chief Secretary, Treasury, and the Minister of State, Board of Trade, to give further consideration to the implications of the decision to meet the liabilities of Beagle Aircraft Limited in the light of the Attorney General’s advice. While the Government were not legally bound by the provisions of the Companies Acts relating to fraudulent trading, they were under a political, if not a moral, obligation to refrain from acting in ways which, if indulged in by others, might be held to be in breach of...
them. Where the Government intervened in the private sector, the most important factor affecting their indirect liability to the creditors of the company concerned was the extent to which their activities might have created a legitimate presumption that they stood behind the company. The entire circumstances of the Government's involvement rather than the particular form of their interest were crucial. There were great difficulties in limiting the Government's potential liabilities. In some cases, the purpose of Government intervention was to restore confidence; and this could not be achieved unless they were seen to stand behind the company concerned. If financial assistance were provided and its use by a weak management were left unsupervised, there was a risk of the money being lost and matters going from bad to worse; but if the Government supervised the management of the firm there was a risk of their acquiring a responsibility towards the company's creditors. Moreover, although it might be desirable for assistance to be provided through an outside body wherever possible, this could only be done where independent statutory bodies such as the Industrial Reorganisation Corporation and the Shipping Industry Board were prepared to co-operate. If the Government decided to intervene, they must be prepared to meet the costs of doing so; but they should not enter into such commitments without a full awareness of the implications. Further consideration should be given to the possibility of drawing up a code of conduct on the lines suggested by the Chief Secretary, Treasury, but taking full account of the difficulties likely to be encountered in practice.

The Chief Secretary, Treasury, said that, while there was a long established code of conduct (partly enshrined in company legislation) to govern the actions of private industry, there was no established philosophy or practice governing intervention by the Government in individual private firms. It was not generally appropriate to claim the protection of Crown exemption from statutory requirements. If, however, the advice of the Law Officers on the circumstances which might amount to fraudulent trading were accepted—though the standards indicated were much stricter than those actually applied in commercial life—it might not be possible for the Government to intervene where the public interest reasonably required it to do so except at an undetermined and potentially prohibitive cost. Satisfactory control of public expenditure could not be maintained in these circumstances. In the light of experience and of the legal advice received, he suggested that the Ministers concerned might be invited to draw up a code of conduct on the lines indicated in his memorandum. This should both ensure that the full potential liabilities were taken into account before the Government intervened in the affairs of a company; and that the form of the intervention was such as to minimise the risk of
incurring additional liabilities. In the meantime, no implied commitments should be made to the managements of firms which the Government had assisted or were considering assisting.

In discussion it was emphasised that where the Government acted in such a way as to create a legitimate expectation that it stood behind a company they would become liable, in terms of political reality, to meet its debts. The Government could hardly continue to enforce the Companies Acts if they were themselves acting in breach of the spirit of their provisions. In spite of the difficulties, it would be helpful if a code of conduct were drawn up; and all decisions to intervene in a company’s affairs should be taken only in the light of legal advice as to the extent of any liabilities which might be implicitly assumed.

The Prime Minister, summing up the discussion, said that the Chancellor of the Exchequer, in consultation with the Minister of Technology and the Attorney General, might be invited to arrange urgently for a group of senior officials to consider the problem further in the light of the discussion and to draw up a code of conduct on the broad lines suggested by the Chief Secretary. This might cover, inter alia, the need for a standard system of monitoring the performance of companies to which the Government had given selective financial assistance so as to provide early warning of any deterioration in the company’s prospects; the need to ensure that, when the possibility of assisting a particular company was first considered, as much information as possible was available about the potential long term liabilities so that they might be taken into account before decisions were taken on the extent or form of assistance; the information which should be sought from an assisted company when it had ceased to be financially viable on its own and the amount and type of information which Government could require a company to supply without becoming involved in its management; and the relative disadvantages of grants, loans and shareholding as a means of assisting companies which were in financial difficulty. In the meantime, it was important to ensure that Ministers had adequate advance warning of, and time to consider, any further proposals to assist companies in difficulty. The Minister of Technology should report to SEP as soon as possible on the complex of problems involving Rolls-Royce, the RB-211 engine and the A.300B and BAC-311 aircraft projects. It would also be helpful if he informed SEP about the problems of Short Brothers & Harland and the likely nature and timing of any decisions which might be required, particularly in view of the wider implications for Northern Ireland.
The Cabinet—

(1) Invited the Chancellor of the Exchequer, in consultation with the Minister of Technology and the Attorney General, to arrange for officials to examine the possibility of drawing up a code of conduct on the lines indicated in the Prime Minister’s summing up of their discussion; and to report the outcome to the Cabinet.

(2) Invited the Minister of Technology to report to SEP as soon as possible the latest position in respect of Rolls-Royce and the associated aircraft projects on the lines indicated by the Prime Minister in summing up.

6. The Cabinet considered a memorandum by the Paymaster General (C (70) 54) about the shipbuilding industry. They also had before them his memorandum (SEP (70) 50) about the future of the Cammell Laird Group.

The Paymaster General said that the assistance which the Government had given to the shipbuilding industry following the report of the Shipbuilding Inquiry Committee under Mr. R. M. Geddes and the Shipbuilding Industry Act 1967 had enabled the industry to obtain a larger share of an increasing world total of orders for new ships. Most firms had full order books. Many orders had, however, been taken at prices which made insufficient allowance for cost escalation; even the better managements had booked vessels at such low prices that they were faced with losses on current contracts. A number of firms were already in difficulty and clearly had no reserves to meet the problem. These included Upper Clyde Shipbuilders, Harland & Wolff and the Cammell Laird Group. A number of other firms were expected to run into cash flow problems arising from current unprofitable contracts. The industry had a long history of instability, and Government assistance would be required for some years yet unless they were prepared to see forced liquidations with massive redundancies in areas already suffering from unemployment and damaging consequences for the balance of payments. In the immediate future, it would be unrealistic to expect full viability from the shipbuilding firms and he hoped that the Committee would agree that the Minister of Technology should use his powers under the 1967 Act to prolong the life of the Shipbuilding Industry Board (SIB) for one year from the end of 1970; this might be conveniently announced that afternoon in the course of the Second Reading Debate on the Shipbuilding Industry Bill.
The Cammell Laird Group had serious financial problems. The failure of their shipbuilding activities, which employed some 8,000 people, might lead to the failure of the Group as a whole which had a further 12,000 employees. He considered that it would be wrong to allow the Group to collapse in disorder. At his request, the Industrial Reorganisation Corporation (IRC) had reviewed the position urgently; and they had put forward constructive proposals designed to mobilise the assets of the Group as a whole and to enlist the help of the shipyard's principal customers. Under this scheme, the Group's shipbuilding interests would have been hived off and a 50 per cent interest in them sold to the SIB. The IRC would then lend the Group £4–£5 million secured on its non-shipbuilding assets; and the shipowners would make available another £4 million or so through increased prices or loans. The parent company would pass these sums on to the shipbuilding company, leaving it free of loss and with enough assets to enable it to raise working capital to see it through its current shipbuilding commitments. However, the SIB were unwilling to subscribe for any shares in the shipbuilding company, though they were prepared to assist in the reorganisation of the yard. The IRC, on the other hand, were not prepared to go ahead with the scheme as a whole unless a 50 per cent shareholding could be sold either to the SIB or to some other shipbuilding group, so making it clear that the IRC themselves were associated only with the management of the non-shipbuilding sector of the Group. Discussions were continuing. He invited the Cabinet to agree that he should continue exploring the possibility of a rescue operation on the lines indicated, but without entering into any commitments. It should, however, be appreciated that the shipbuilding company would continue to make losses for, say, the next two years. The shipping companies would not be prepared to put in large sums unless they obtained some assurances from the Government that the yard would continue until the vessels they had ordered were completed. The losses in the meantime might be quite considerable and it was not possible to put a realistic value on the assets of the yard if there were to be an eventual liquidation.

In discussion it was suggested that if a large continuing commitment to the shipbuilding industry were foreseen, the Government should undertake an urgent internal review of its policy towards the industry. The key to the industry's problems lay in the slow improvement of productivity which was substantially below that of other European countries as well as Japan.

The Prime Minister, summing up the discussion, said that the Cabinet endorsed the proposal to extend the life of the SIB for a further year. The Ministerial Steering Committee on Economic
Policy might resume discussion of the problems of the shipbuilding industry the following week. In the meantime, the Paymaster General, in consultation with the Chief Secretary, Treasury, might continue his discussions about the future of the Cammell Laird Group, though without entering into commitments.

The Cabinet—
(1) Took note, with approval, of the summing up of their discussion by the Prime Minister.
(2) Agreed that the life of the Shipbuilding Industry Board should be extended by one year from the end of 1970.
(3) Invited the Paymaster General, in consultation with the Chief Secretary, Treasury, to continue his discussions on the future of the Cammell Laird Group.

Cabinet Office, S.W.1,
30 April, 1970.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 5th May, 1970 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 (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. DENIS HEALEY, M.P., Secretary of State for Defence

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. 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 (Item 1)

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. SIR ELWYN JONES, Q.C., M.P., Attorney-General

Secretariat:

SIR BURKE TREND
SIR ROBIN HOOPER
Mr. P. J. HUDSON
Miss S. W. FOGARTY
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1. The Cabinet considered the attitude to be adopted by the Government spokesmen in the Adjournment Debate which was to take place that afternoon under Standing Order No. 9 on the United States intervention in Cambodia.

The Foreign and Commonwealth Secretary recalled that, in answer to a Parliamentary Question by Sir Alec Douglas-Home, M.P., on 1 May, he had expressed the view that an international conference should be called in order to resolve the problem of South-East Asia and had referred to the unwillingness of the Soviet Government to join with us, as co-Chairmen of the Geneva Conference, in reactivating that gathering. He had refused to condemn the United States intervention in Cambodia and had, instead, stressed the importance of negotiations. He had since summoned both the Soviet Ambassador and the United States Chargé d’Affaires and had given the former a message to the Soviet Foreign Minister, pressing him to agree that the Geneva Conference should be reconvened. The Motion put down by Mr. Michael Foot, M.P. and his supporters in connection with the forthcoming debate was in part acceptable in that it urged the need for diplomatic action to resolve the present crisis. But the Government could not endorse the other part of the Motion, which expressly condemned the action of the United States Government. He proposed to speak immediately after Mr. Foot in order that the subsequent debate might take place against the background of an authoritative statement of the Government’s policy. He would seek to give a balanced appreciation of the way in which the present situation had evolved and to remind the House of some facts to which the sponsors of the Motion were unlikely to give much prominence, for instance that the areas now being reoccupied by the United States and South Vietnamese forces had effectively been under North Vietnamese, not Cambodian, control for several years and that the main purpose of Prince Sihanouk’s recent visit to Moscow, during the course of which he had been ousted from power, had been to persuade the Soviet authorities to use their influence to reduce the scale of North Vietnamese activities in Cambodia. It was significant that even the French Government had been cautious in its comments on the latest United States action, while the Federal German Government had noted with concern that the force withdrawals initiated by the United States had not resulted in a reduction in the scale of military activities—a statement which we could, if necessary, endorse.

* Previously recorded in a Confidential Annex.
In discussion it was suggested that during the past 2 years the Administrations of President Johnson and President Nixon had succeeded in building up a consensus in favour of the withdrawal of United States forces, the Vietnamisation of the conflict and an eventual political settlement. This was a development which had been in some degree due to the influence which we ourselves had been able to exert. Now, however, it seemed as though the United States Government might be reluctant to accept the blow to their prestige which further large-scale withdrawals of troops would represent; and, although President Nixon had said that the incursion into Cambodia and the related operations would be of limited scope and duration, the possibility could not be excluded that the United States had reversed their policy, had abandoned hope of a negotiated settlement and had reverted to seeking a solution by military means, including a resumption of the bombing of North Vietnam. If there had in fact been such a reorientation in United States policy, it was based on a fundamental misconception of the situation. We could not afford merely to repeat our earlier statements or to maintain the detached attitude appropriate to a co-Chairman of the Geneva Conference; and it was both our duty and in our interests as Europeans and allies of the United States to warn the United States Government of the consequences of the change in their policy and to dissociate ourselves publicly from an action which could prove to be a disastrous error. If we adopted this attitude and spoke our mind frankly and freely, we should strengthen, rather than weaken, the Atlantic Alliance.

In further discussion it was agreed that any action which involved the extension of the war and the resumption of bombing of North Vietnam could only be regarded with apprehension; and, if United States policy had in fact been readjusted in this direction, the consequences would be very serious. But so far it did not necessarily follow from the latest United States action that President Nixon had in fact abandoned his long-term objectives of withdrawal, Vietnamisation and a political settlement; and it was equally arguable that the United States Government were genuinely envisaging a limited operation with the objective of protecting their own withdrawal and demonstrating to the Government of North Vietnam that, if they persisted in their refusal to negotiate, they could not expect the United States to maintain their recent policy unchanged. If this analysis was correct, it would be both premature and unwise to condemn the United States action, though clearly we could not endorse it. Those who wished to condemn the United States were themselves vulnerable to the criticism that they had not condemned the long-standing and recently intensified violations of Laotian and Cambodian neutrality by the Government of North Vietnam. Moreover, the United States were our allies; and, as Europeans,
we had an overriding interest in the maintenance of the Atlantic Alliance and of a United States presence in Europe. But, if we and other European Powers who were not militarily involved in Vietnam, were to condemn the United States Government outright, we should risk provoking a reaction in the United States in favour of isolationism, which would be very damaging to our interests in the longer term. Finally, opinion in the United States itself was profoundly divided on the Vietnam issue, which was imposing on the internal political structure of the country a degree of stress which might strain it almost to breaking point. The situation was aggravated by the fact that the latest intervention in Cambodia had raised complex constitutional issues, relating to the respective powers of the President as Commander-in-Chief and of the Senate as regards the declaration of war, which had become the subject of intense controversy in the United States. We must be particularly careful to avoid giving the impression that we were purporting in any way to intervene in this domestic dispute; and this was a further compelling reason for our refraining from either condemning or endorsing the latest United States action.

The Foreign and Commonwealth Secretary said that in the light of the discussion he would propose to remind the House, in his speech in the debate, that the Government had consistently taken the line that no military solution of the Vietnam war was possible. He would recall the series of initiatives which we had taken to help achieve a negotiated peace; and he would emphasise the importance of President Johnson's decision to abandon the bombing of North Vietnam and to work for a settlement in the negotiations in Paris. He would need to point out, however, that, despite this decision and President Nixon's subsequent endorsement of a policy of progressive withdrawal of United States forces from Vietnam, there had been no corresponding response by the Government of North Vietnam and the other Communist elements in South-East Asia, either at the conference table in Paris or in the war theatre in Vietnam. Apart from this, however, he would not seek to explain or to justify the United States incursion into Cambodia; and he would avoid expressing either approval or condemnation of their action. He would repeat the Government's endorsement of the declared United States policy of seeking to reduce the scale of the war and ultimately withdrawing from Vietnam; and, while avoiding any direct judgment on the political and military wisdom of the latest United States action or any implication that we believed that there had necessarily been any change in the basic strategy of the United States Government for ending their involvement in Indo-China, he would emphasise our extreme concern if there were any departure from that strategy. For this purpose he
would seek to place the Vietnam war in the perspective of the world situation as a whole and would emphasise the importance of United States policy in South-East Asia not merely in relation to the area itself but also in terms of the contribution which a strong and healthy United States could make to the cause of the free world.

*The Prime Minister*, summing up the discussion, said that in the light of the differing points of view which had been expressed, it was essential that the Cabinet should take particular care to preserve the confidential nature of the discussion and should also maintain public unity on the very sensitive issues involved. He would himself wind up the debate later that day and would seek to do justice to all the main considerations which the Cabinet had reviewed. He would stress the deep apprehension which was felt, not only in this country but throughout the world, about recent developments in Indo-China, which had potential implications extending far beyond South-East Asia itself. He would reiterate our consistent view that no solution to the Vietnam problem could be achieved by military means, a view which President Nixon himself had endorsed. It was for this reason that we had welcomed the courageous change of policy which had taken place in the United States over the last two years and had deplored the lack of any response from the other side. Recent developments, however, suggested that the United States Government might have embarked, possibly without fully realising that they had done so, on a new course which would involve them in extending the war once again and perhaps even resuming their bombing of North Vietnam (although the position on this point was not clear). This interpretation of the latest United States action, however, was not necessarily correct; and we must hope that that action did not in fact imply that the United States Government had now discounted all prospects of a political settlement and were once more pinning their faith on an illusory military victory. In these circumstances our attitude should be one of detachment; and in this spirit he would propose to refer to the possibility of our promoting action by the United Nations, to our position as co-Chairman of the Geneva Conference and to our determination to play an active role in continuing to seek a negotiated solution through these or any other appropriate channels. He might also need to refer to the fact that United States public opinion was itself deeply divided on the issues involved and that we should avoid any appearance of intervening in the current internal debate in the United States, in which major questions of domestic politics and, indeed, basic constitutional problems were at stake. Finally, he would express the sympathy which was felt in this country for the United States President in the heavy responsibilities which he carried and the momentous decisions which he faced; and he would emphasise our
hope that the policy of the United States Government would be guided by an awareness of the supreme importance of the strength and unity of their country to the whole world.

The Cabinet—

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

2. The Cabinet resumed their consideration of the future of the Cammell Laird Group.

*The Paymaster General* said that he had explored further the possibility of a rescue operation on the lines which he had indicated at the Cabinet’s previous discussion. The Shipbuilding Industry Board had confirmed that they would not be prepared to take a 50 per cent shareholding in the new company to which the Group’s shipbuilding interests would be hived off. It remained an essential part of the scheme that this shareholding should be taken up by some outside interest; but, while he was investigating other possibilities, he might have to invite the Cabinet, in the last resort, to agree that the Government should take this half share as the only alternative to the liquidation of Cammell Lairds. In order to enable any arrangements to be completed it might be necessary for the Government to accept responsibility for keeping the yard in operation for the next two years or so until the vessels currently under construction for the shipowners co-operating in the rescue operation had been completed. Following the recent announcement by the management that the firm would have to cease trading unless assistance were forthcoming in the next few days, final decisions might well have to be reached that week.

In the course of a brief discussion it was suggested that, if the Government were to provide assistance for the shipbuilding company, it might be more appropriate for them to do so by themselves taking a shareholding than by guaranteeing continuance of the shipyard. On the other hand, this might merely increase the Government’s total liabilities.

*The Prime Minister* said that the Cabinet would wish to resume the discussion at their next meeting. In the meantime the Paymaster General, in close consultation with the Chief Secretary, Treasury, should continue his negotiations about the future of the Group, though without entering into any commitments.

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**Situation in the Shipbuilding Industry**

Cammell Lairds

(Previous Reference: CC (70) 19th Conclusions, Minute 6)
The Cabinet—

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

(2) Invited the Paymaster General, in consultation with the Chief Secretary, Treasury, to continue the discussions on the future of the Cammell Laird Group and to report the outcome at their next meeting.

Cabinet Office, S.W.1,
5 May, 1970.
# CABINET

**CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1., on Thursday, 7 May, 1970, 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 (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
- 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 1-6)
- 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 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 (Items 1-4)
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The following were also present:
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government (Item 3)
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
The Right Hon. SIR ELWYN JONES, Q.C., M.P., Attorney-General (Items 1–4)
The Right Hon. FREDERICK MULLEY, M.P., Minister of Transport (Items 6 and 7)
Mr. DENIS HOWELL, M.P., Minister of State, Ministry of Housing and Local Government (Item 3)

Secretariat:
SIR BURKE TREND
Mr. R. R. D. McINTOSH
SIR ROBIN HOOPER
Miss S. W. FOGARTY
Mr. G. F. Kear
Mr. T. D. O'Leary

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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 agreed that the debate on the Second Reading of the Industrial Relations Bill should be held on 1 June and that the Committee stage should begin as soon as possible thereafter. The exact timing would necessarily depend on progress made with the Commission for Industry and Manpower (CIM) Bill which had so far been disappointingly slow. The Cabinet agreed that urgent discussions should be arranged through the usual channels with a view to agreeing with the Opposition a voluntary timetable for the remaining stages of the CIM Bill; but that if this proved impossible the Prime Minister should be authorised, in consultation with the First Secretary of State, the Lord President of the Council and the Chief Whip, to decide whether a timetable Motion should be introduced and, if so, when it should be announced and debated.

The Secretary of State for Social Services said that there was a strong case for postponing the introduction of the earnings related pension scheme until 1 April, 1973, so as to allow more time for the large number of occupational pension schemes which would be affected to make the necessary adjustments. If the introduction of the scheme were to be postponed it would be desirable to make an early announcement about it. A convenient opportunity to do this would arise on 12 May when the relevant clause of the National Superannuation Bill would be considered in Standing Committee; alternatively an announcement could be made during the Report stage of the Bill after the Whitsun Recess.

In discussion it was agreed that further consideration would need to be given to the implications of postponing the introduction of the scheme and that no announcement should be made before the Whitsun Recess.

The Cabinet—

Invited the Secretary of State for Social Services to circulate for consideration at their next meeting a memorandum on the implications of postponing the introduction of the earnings related pension scheme until April 1973.

The Lord Privy Seal said that, in consultation with the group of Ministers mainly concerned, he had recently reviewed the emergency arrangements for the production of essential Parliamentary papers in the event of industrial action at Her Majesty’s Stationery Office (HMSO). The main outstanding problems, which the group were
pursuing, related to financial responsibility for the emergency arrangements and the need to obtain the agreement of the House authorities that they would be willing to activate them in the event of printing difficulties at HMSO.

The Cabinet—

Took note of the statement by the Lord Privy Seal.

2. The Foreign and Commonwealth Secretary said that the President of the United States, Mr. Nixon, had reiterated his statement that the United States intervention in Cambodia was limited in scope and duration and had been undertaken to protect the withdrawal of United States forces from Vietnam. The Secretary-General of the United Nations, U Thant, had appealed publicly for an international conference on Cambodia; and we should actively follow up this suggestion. The People's Republic of China and the Government of North Korea had now, as had been expected, withdrawn their diplomatic representatives from the Cambodian capital.

The Foreign and Commonwealth Secretary said that, thanks in large measure to the efforts of the Minister of State for Foreign and Commonwealth Affairs, Lord Shepherd, the Fijian Constitutional Conference recently held in London had reached a successful conclusion. It had not been necessary for the British Government to impose a solution; and it had been clearly understood by all concerned and there would be no British defence commitment to Fiji after independence. Fiji would now proceed to independence on 10 October, 1970.

The Foreign and Commonwealth Secretary said that Mr. Lea, First Secretary at the United Kingdom High Commission, Kampala, who had recently been kidnapped, had now been released. Advice had been sent to other diplomatic missions in Africa on measures which could be taken to guard against similar incidents.

The Uganda authorities appeared to have done all they could to secure Mr. Lea's release: but the motives for his kidnapping and subsequent return remained obscure. The President of Uganda, Dr. Obote, had said that he had evidence that the kidnapping was a hoax organised by Mr. Lea and his wife; and he had asked for an assurance that the British Government were not involved. Dr. Obote's motives in promoting this inherently improbable explanation of the incident were not clear. But it might be advisable to adopt a suggestion by our High Commissioner in Uganda that we should send a legal expert to Kampala who could

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examine, together with a Ugandan lawyer and a British official with Special Branch experience who had been sent to Uganda to help in the search for Mr. Lea, any evidence which President Obote might produce in support of his allegation.

The Cabinet—

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

The Chancellor of the Duchy of Lancaster said that the Prime Minister of the Irish Republic, Mr. Lynch, had just dismissed two members of his Cabinet, the Minister of Finance, Mr. Haughey, and the Minister for Agriculture and Fisheries, Mr. Blaney. The Minister for Local Government, Mr. Boland, and the latter's Parliamentary Secretary, Mr. Brennan, had resigned in sympathy. The grounds for the dismissals were the alleged involvement of the two Ministers in an attempt to import arms unlawfully into the Republic. This crisis had been developing for some time; but it appeared to have come to a head very suddenly, as was evidenced by the fact that the Irish Minister for Foreign Affairs, on hearing the news of the dismissals, had cancelled discussions in London at very short notice and had returned abruptly to Dublin.

Although Mr. Lynch had received a unanimous vote of confidence at the subsequent meeting of the Deputies of the Government Party (Fianna Fail), his position had clearly been badly shaken. The dismissed Ministers had been leading advocates of a more extreme policy in relation to Northern Ireland. So long as they were still in the Cabinet, Mr. Lynch had been able to exercise some degree of control over them, in conformity with the relatively moderate policy which we had succeeded in persuading him to adopt. It must now be doubtful, however, whether he would be able to continue to control the situation as we should wish. The Irish Embassy had already indicated that the Government of the Republic would welcome a public statement by the British Government that they would not rule out discussion of changes in the constitutional relationship between the Republic and Northern Ireland. But the overriding consideration so far as we were concerned must remain the importance of refraining from any action which would weaken the position of the Northern Ireland Prime Minister, Major Chichester Clark. With unstable Governments on both sides of the Border the outlook gave cause for anxiety.

The Home Secretary said that allegations in the Press that the action which had been taken against the two Irish Ministers had been stimulated by the British Government had no basis in fact, apart
from the normal exchanges of information between the countries concerned about illicit arms trading. Major Chichester Clark intended to make a statement in the Northern Ireland House of Commons that afternoon, which he hoped would lead to a resolution of support for the Government, to which all Parties could subscribe. He had undertaken to consult us about the wording of this statement. Meanwhile, a Private Notice Question had been put down in the House of Commons at Westminster by Mr. Philip Goodhart, M.P. He proposed to emphasise in his reply the seriousness with which we regarded the allegations of gun-running, if these were substantiated, and our conviction that a settlement in Ireland was possible only on the basis of the policies of co-operation and the rejection of violence advocated by Mr. Lynch in his recent speech at Tralee. He would also make it clear once again that the Border was not in question.

The Prime Minister, summing up the discussion, said that it was important to dispose of allegations of British intervention in the dismissal of the two Irish Ministers and to rebut the unfounded reports of secret meetings between British and Irish Ministers to discuss a federal solution of the Irish problem.

The Cabinet—

(2) Took note of the statements by the Home Secretary and the Chancellor of the Duchy of Lancaster and of the Prime Minister’s summing up of their discussion.

SECRET

*3. The Prime Minister said that, following the previous discussion in Cabinet and his television interview of 30 April, he had asked the Minister of State, Ministry of Housing and Local Government, Mr. Howell, to hold a further meeting of his inter-departmental committee. As a result, the Minister of State had sent him a report, copies of which had been supplied to the Cabinet, reinforcing the earlier conclusion that the Government should not take direct action to stop the South African cricket tour. Consideration had been given to the desirability of a formal appeal by the Government to the Cricket Council to cancel the tour; but the arguments set out in the Minister of State’s report and the risks of a rebuff from the Council suggested that this course also would be inadvisable. It would be wiser to continue to encourage pressure on the Council by appropriate individuals and organisations, who might usefully emphasise that to persist with the tour might put at risk future Test series with the West Indians and other non-white cricketing countries.

* Previously recorded in a Confidential Annex.
The Minister of State, Ministry of Housing and Local Government, said that his committee were still of the opinion that the Government should not, at this stage at any rate, go beyond what the Prime Minister had said in his television interview of 30 April. Several helpful private initiatives were in hand. In particular an approach by the Bishop of Woolwich had made some impact on the Cricket Council by bringing to their attention, apparently for the first time, the damage which might be done to race relations in this country if the South African tour proceeded. The Council had indicated their readiness to consider this point if they were approached by the "proper persons"; and subsequently the President of the Marylebone Cricket Club (MCC) had undertaken to re-examine the race relations aspect of the tour. The Scottish Commonwealth Games Committee had now become concerned that participation in the Commonwealth Games at Edinburgh by non-white Commonwealth countries might be drastically reduced as a result of the Indian Government's instruction to its sports authorities not to take part in the Games if the South African tour took place and the possibility of similar action by some Caribbean Governments. It seemed likely that the Scottish Games Committee, possibly in conjunction with the Scottish Sports Council who were meeting that day, would make a public statement calling on the Cricket Council to consider the implications of their present attitude for other sports. The Chairman of the Commonwealth Games Federation, Mr. Ross, who had until now refused to intervene directly, had indicated that, if the Scottish Games authorities made such a statement, he would regard it as his duty to approach the Cricket Council.

The Home Secretary said that he had some time ago suggested to the Community Relations Commission that they should approach the Cricket Council about the adverse effects of the South African tour on race relations in this country. They had not done so, as a result of opposition by some members of the Commission. But the Chairman of the Commission, Mr. Cousins, had now written to the Cricket Council; and this might exert some useful influence. Meanwhile, police arrangements were proceeding on the assumption that the cricket tour would take place. Press reports that he had informed the MCC that the police would welcome the assistance of volunteer stewards were not correct. But the police had, with his approval, formulated a code of advice on the conduct of stewards at the matches against the South African team; and this advice would be widely publicised in the hope that it might serve as a warning to potential demonstrators. As a result of a discussion which he had had with Sir Edward Boyle, M.P, the moderate
opponents of the tour intended to draw up a code of conduct for demonstrators. This, too, would be widely publicised; and it should help to separate the moderate faction from the more radical elements associated with the “Stop the 70 Tour” committee, who were believed to have been in touch with extremist coloured organisations. Within the next week he would review with the Commissioner of Police for the Metropolis the latter’s operational plans for maintaining public order during the cricket tour. There was no doubt that some degree of disorder must be expected if the tour proceeded. But there was at present no reason to suppose that the situation could not be contained, as similar situations had been in the past.

The Secretary of State for Scotland said that the former Lord Provost of Edinburgh had made an unhelpful intervention by criticising the alleged blackmailing tactics of the Africans. On the other hand a potentially useful Parliamentary initiative was being undertaken by Mr. W.W. Hamilton, MP, who had tabled a Motion appealing to the Cricket Council to change their attitude. This might have a useful effect, especially if Opposition Members could be persuaded to support it.

The Prime Minister, summing up the discussion, said that the Cabinet endorsed the report and recommendations by the Minister of State, Ministry of Housing and Local Government, who should keep the matter under review in his interdepartmental committee. If, in the light of developments, it seemed desirable to bring the matter before the Cabinet again, the Home Secretary, the Minister of State, Ministry of Housing and Local Government or he himself would take the initiative in doing so.

The Cabinet—

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

SECRET


The Paymaster General said that the Cammell Laird Group were expected to go into liquidation that day unless substantial additional cash resources were made available to them. The most economical and effective way of keeping the whole Group in operation would be to arrange for a joint rescue operation on lines now agreed between the parties concerned. The Industrial
Reorganisation Corporation (IRC) would lend the Cammell Laird parent company up to £6 million at 10 per cent interest, secured on the non-shipbuilding assets of the Group. The parent company would transfer this money, together with £2 million of their own, to a new company to which the Cammell Laird shipbuilding assets would be transferred. The principal shipowner customers would contribute by cancelling certain onerous contracts, by renegotiating others, and by making an interest-free loan to the shipyard. The Shipbuilding Industry Board (SIB) would contribute to the modernisation of the yard. The Government in turn would have to take a 50 per cent shareholding in the new shipbuilding company at a price to be negotiated but likely to be between £1½ million and £1 million; to accept responsibility for any losses made in the next year or two while vessels now under construction were completed; and to guarantee the refund of their progress payments to the shipowners should the yard nevertheless close before their vessels were completed. No rescue operation was possible unless the Government committed itself to meet future creditors; and the proposed 50 per cent shareholding would not increase their liabilities or provide a safety net for slack management. It would be a condition of the financial assistance to be provided to the company that there should be a fundamental reconstruction of the Board; and there should be no question of the Exchequer’s contribution being used to compensate Directors who were required to resign. Other shipbuilding firms were unlikely lightly to seek Government assistance on such terms. The possibility of transferring the 50 per cent shareholding to trustees for the workers might be explored as a way of impressing on them their responsibility for the yard’s future. It would, in any event, be necessary to run down the manpower in the yard substantially after the end of the current year. There was no practical alternative to these proposals, for which legislation would be required, if the liquidation of the group as a whole was to be avoided. Liquidation would involve the immediate loss of 8,000 jobs on Merseyside and would put in jeopardy a further 12,000 jobs. There might be difficulties over completing the submarine now under construction. The collapse of the Group would also undermine the credit of the shipbuilding industry generally. He invited the Cabinet to endorse the proposals for providing assistance to Cammell Lairds and to agree that he should announce them that afternoon.

The Chief Secretary, Treasury, said that he agreed that measures should be taken to prevent the collapse of the Cammell Laird Group. He was also prepared to agree to payment by the Government to the new shipbuilding company of a sum of the order of that required
for the proposed share purchase and to the proposals for assistance by the IRC. He was, however, concerned that if the Government undertook commitments—whether by way of a shareholding, of liabilities to future creditors, or of refund guarantees—other shipbuilding firms who were also in difficulties through taking unremunerative orders would expect Government assistance. The eventual cost of such a commitment might be of the order of £50 million. It would be preferable to arrange for the 50 per cent shareholding to be held by trustees on behalf of the employees; for the refunds to shipowners to be guaranteed by some suitable statutory body such as the IRC or the Export Credit Guarantees Department; and for the shipbuilding company to be made to rely on its own resources once it had been made viable by the proposed injection of liquidity.

In discussion it was argued that not enough attention had been paid to the relative advantages of maintaining employment in uneconomic shipyards on the one hand and transferring the resources involved to more profitable industrial activities on the other. There was, however, general agreement that assistance should be provided to Cammell Lairds with the aim of giving them a year or so in which to prove whether or not they could become viable. If this were made publicly known it should, combined with the management reorganisation, disabuse shipbuilders of any belief that assistance from the Government would be automatically forthcoming to companies which were in difficulty. On the other hand it was argued that to announce a limitation on the period for which the Government were committed would mean that the company could not obtain commercial credit and would thus vitiate the entire operation. It was generally agreed that every effort should be made to limit the Government’s commitments as far as possible—for example by transferring the 50 per cent shareholding to trustees for the employees and by finding another guarantor of the refunds. It should also be possible to ensure that the bulk of any losses on the yard’s future operations were covered by the £8 million assets which were being, in effect, transferred from the rest of the Cammell Laird Group.

The Prime Minister, summing up the discussion, said that the Cabinet were grateful to the Paymaster General and the Chief Secretary for the skilful way in which they had handled this difficult operation. They agreed that the Government should co-operate in the proposals for solving the liquidity crisis at Cammell Lairds, on the basis that their commitment would not be open-ended and could be brought to an end within a year or so if the company showed no signs of becoming viable. The Cabinet agreed that the Paymaster General should announce their decision that afternoon. For the
reasons given in the discussion he should not refer to the period for which Government assistance would be available. He should, however, make it clear that, as a necessary condition of providing assistance, there would be a fundamental reconstruction of the management of the Cammell Laird Group as a whole, as well as of the shipbuilding company. He should also indicate that the Government would explore the possibility of transferring the 50 per cent shareholding to trustees for the employees; and should leave open the possibility that provision for refunds of progress payments to the shipowners might be made otherwise than by direct Government guarantee.

The Cabinet—

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

(2) Invited the Paymaster General to make a statement in the House of Commons that afternoon on the lines indicated by the Prime Minister in his summing up of their discussion.

(3) Invited the Paymaster General, in consultation with the Chief Secretary, Treasury, to give further consideration—

(i) to the transfer of the proposed 50 per cent shareholding in the shipbuilding company to trustees for the employees;

(ii) to the possibility of arranging for the progress payment refunds to be provided for otherwise than by direct Government guarantees;

(iii) to the provision which might be necessary by way of legislation and supplementary estimates to enable the proposals to be implemented.

5. The Cabinet took note, with satisfaction, that the dispute in the newspaper industry had been resolved. Ministers might find occasion in their public speeches to emphasise that this had been achieved by the mediation of the Secretary-General of the Trades Union Congress, Mr. Victor Feather, without direct intervention by the Government.
6. The Cabinet considered a memorandum by the Minister of Transport (C (70) 59) on a proposal by the London Transport Executive (LTE) for increases in fares on London buses and the Underground railway.

The Minister of Transport said that the LTE had recently applied to the Greater London Council (GLC) for authority to increase fares in the late summer or early autumn by amounts which would bring in some £14.5 million in a full year and add about 14 per cent to fares revenue. The Policy and Resources Committee of the GLC had decided on 5 May to recommend approval of the LTE’s proposals; and a final decision was expected from the GLC on 12 May. The proposals included: on the Underground, a 1s. minimum fare, differentials of 1s. in ticket prices and a general increase of 6d. in fares in the central area, with a 6d. minimum and a general increase of 6d. or 1s. outside that area; on the buses, an increase of 6d. in fares above 1s. 6d. in the central area and above 1s. outside that area; increases of up to 20 per cent on Underground season tickets for distances over one mile; and increases from 6d. to 9d. in Red Arrow and suburban flat fares. Since the beginning of 1970, the GLC had assumed final responsibility for London fares, with no requirement for Government approval and no Government power of veto. Although the Government could refer increases in these fares to the National Board for Prices and Incomes (NBPI), it was doubtful if they had the statutory power to impose a standstill on the increases under the terms of Part II of the Prices and Incomes Act 1966.

The LTE proposals (which he had not had an opportunity of examining in detail) probably did no more than cover increased costs, including those from recent wages settlements. If so, the increases could be avoided or moderated only by a subsidy from the rates; and the GLC were known to be opposed to this course. Assuming that this was ruled out, the NBPI, if the subject were referred to them, would have no alternative but to approve the LTE’s proposals. A reference to the NBPI also involved a risk of transferring to the Government, in the minds of the public, responsibility for the fares increase, whereas reactions so far suggested that the GLC’s responsibility for accepting the London fares increases had been generally understood. Action by the Government in favour of London’s transport system would be criticised by those in other urban areas, where fares increases in recent years had been much higher than in London and where the transport authorities had not benefited, as LTE had done, from a large write-off of capital debts. He recommended that the Government should not commit itself immediately to an NBPI.
reference on the new LTE fares proposals, but should take a decision on the subject in the light of the GLC’s conclusions and public reactions to them.

In discussion, it was argued on the one hand that the Government had declared its intention of not accepting the change to decimal currency as a reason in itself for price increases. The LTE, however, was proposing to set Is. as the minimum price interval even in advance of decimalisation; and their example might well be followed by others. As for the alleged favouritism shown to London’s transport system, it had been generally recognised that the city’s transport problems were greater than those in other urban areas and deserved special attention. An NBPI reference would permit consideration of the LTE proposal to raise charges especially on short journeys and of other aspects of the new fares pattern, as well as the question of the total extra amount of revenue needed to cover costs. It was argued on the other hand that having devolved upon local authorities the responsibility for the transport problems of their own areas, in London and elsewhere, with the aim of making them the subject of political debate locally rather than nationally, the Government should in this instance allow the Labour Party in the GLC to conduct its own fight for rate-subsidised transport, and leave the GLC with the odium for putting up fares. A reference to the NBPI might not produce any new proposals on LTE’s costs and charges, since these had been examined as recently as last year.

*The Prime Minister*, summing up the discussion, said that the Cabinet agreed to defer a decision on a reference to the NBPI of the LTE’s new proposals for a fares increase; and they would consider the suggestion further after the GLC had reached their conclusions on the proposals. The Minister of Transport should provide for their further discussion information on the GLC’s conclusions and on the relative rate of increase in commuter fares in London and in other urban areas over the last three years or more.

The Cabinet—

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

(2) Invited the Minister of Transport to circulate a memorandum about the Greater London Council’s decision on the proposals for increases in London Transport Underground and bus fares, together with information on the relative rate of increase in commuter fares in London and in other urban areas, on the lines indicated in the summing up by the Prime Minister.
7. The Cabinet considered a memorandum by the Minister of Transport (C (70) 58) covering a draft White Paper on the development of the strategic network of inter-urban roads in England.

The Minister of Transport said that the Ministerial Steering Committee on Economic Policy had endorsed his proposals for a revised strategic network of inter-urban roads in England to be constructed over the next 15 to 20 years at a cost at current prices of some £2,000 million, with a further £1,400 million for complementary roads. These proposals were set out in the draft White Paper which had been revised to take account of points made in the course of earlier Ministerial discussions. He proposed to publish the White Paper at the beginning of June; but the precise date might be settled later.

The Cabinet—

Approved the publication of the draft White Paper annexed to C (70) 58, subject to consideration by the Minister of Transport of any drafting amendments which might be suggested to him in the course of the day.

Cabinet Office, S.W.1,
7 May, 1970.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 14 May, 1970 at 10.30 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 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. 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. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The Right Hon. LORD SHACKLETON, Lord Privy Seal
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 6)
The Right Hon. LADY BROWN, Minister of State, Board of Trade (Item 5)

The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury (Item 1)

The Right Hon. SIR ELWYN JONES, Q.C., M.P., Attorney-General (Items 1-4)
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1. The Cabinet were informed of the business to be taken in the House of Commons in the week after the Whitsun Recess. They noted that the House of Lords had arranged to sit until 21st May.

The Cabinet agreed that in the debate on Cambodia, which was to be held in the House of Lords later that day, the Government spokesman should be guided by the line taken by the Prime Minister in winding up the debate on the same subject in the House of Commons on 5th May and that he should not make any reference to the question whether the British Government should dissociate itself from the military action now being undertaken by the United States in Cambodia.

2. The Minister of Technology said that he had informed the Ministerial Committee on Economic Policy on the previous day of his discussions with Vickers Limited about the proposed closure of the Hebburn ship-repairing yard at the end of June. This would put 1,200 men out of work in an area on Tyneside where male unemployment was already over 7 per cent; and the Committee had accordingly authorised him to pursue his negotiations with the company. He had since seen the Chairman of Vickers, Sir Leslie Rowan, and had strongly urged him to keep the yard open until its long-term prospects could be better assessed; and he had explained that the Ministry of Defence might be able to divert the refit of a fleet tanker to the Hebburn yard. Though he had agreed to consider the matter further, Sir Leslie's reaction had not been helpful. He had emphasised that Vickers had invested £5 million in modernising the yard and that they could not afford to sustain continuing losses which had already amounted to £100,000 during this year. The Minister of Technology said that it would be easier to judge the future of the Hebburn yard when the Shipbuilding and Ship-repairing Council's report on ship-repairing became available later in the summer; and there was some prospect that in the course of the next 12 months the Hebburn yard might be taken over for use in ship construction by two successful shipbuilding companies acting in association. It would cost about £20,000 a month to keep the yard open until its future could be assessed in the light of these prospective developments; and in his view the use of public funds for this purpose could be justified on employment grounds. He asked for authority to work out a scheme on these lines, in consultation with the Chief Secretary, Treasury, with a view to an announcement being made in time to avert the issue of redundancy notices on the following day.

In discussion it was pointed out that in this instance the problem was not one of shortage of finance; Vickers could make the money
available to keep the yard open if they wished. Moreover, it was not clear under what powers the Government could give assistance to the Hebburn yard; and it seemed likely that legislation would be needed. The general view of the Cabinet, however, was that in view of the implications for employment on Tyneside every effort should be made to keep the yard open until its long-term prospects could be assessed. It was noted that the use of public funds for this purpose would not involve any question of the Government's assuming liability to the yard's creditors since the yard was an administrative division and not a subsidiary company of Vickers Limited.

The Cabinet—
Invited the Minister of Technology and the Chief Secretary, Treasury, to examine urgently the position of the Hebburn yard, with a view to preparing a scheme which would enable an early announcement to be made that the yard would be kept open until its long-term prospects could be assessed.

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3. The Chancellor of the Exchequer said that on 21st April the Ministerial Steering Committee on Economic Policy had approved in principle an increase of 7s. in the basic rate of supplementary benefit, to take effect on 1st October. Since then there has been some upward revision in forecast price movements; and, after consultation with the Secretary of State for Social Services, he considered that an increase of 8s. would be appropriate and that, as on the last occasion when the rate was increased, it should take effect from 1st November. It was proposed that the Secretary of State for Social Services should announce this and lay the necessary Order on the following day.

The Cabinet—
Took note, with approval, of the statement by the Chancellor of the Exchequer.

SECRET

4. The Cabinet considered a memorandum by the Lord President of the Council (C (70) 61) on the future legislative programme.

The Lord President said that the provisional programme set out in his memorandum had been broadly agreed by the Ministerial Committee on Future Legislation. It was based on the assumption that the next Session of Parliament would be of normal length; and it would require reconsideration if that proved not to be the case. The programme was arranged in his memorandum under the usual
headings; but he had thought it useful to divide the Bills in the Main Programme into three groups. The first of these contained Bills in this Session's programme which might not reach the Statute Book before the Summer Recess; the second consisted of other Bills on which policy was broadly agreed; and the third comprised other Bills on which policy remained to be settled. The size of the first group would depend very much on when the Session ended; and, if it were foreshortened, there would be a number of other Bills from the current Session with claims for inclusion, leaving less scope for other legislation. Among the Bills for which he had felt unable to find room in the main programme the strongest claim seemed to be that of Pesticides, at present in the Second Reading Committee list. This was a long Bill, estimated at 70 clauses; and it might overload the programme to include it unless some other substantial Bill was to be deleted.

In discussion the following points were made—

(a) If the Session ended early, priority would need to be given next Session to reintroducing Bills which were lost as a result.

(b) There was considerable support for the inclusion of Pesticides in the Main Programme. The likelihood of this legislation had already been mentioned; and it would be a particularly appropriate measure in Conservation Year. It now appeared that the Bill could be shortened substantially.

(c) Wild Creatures and Forest Laws was needed to clarify the law prior to consolidation; it would be suitable for the Second Reading Committee procedure.

(d) It would probably be essential to legislate to increase the size of the Civil Contingencies Fund.

(e) Some adjustment would be needed in the list of Bills for Scottish Grand Committee to accommodate a short Education (Scotland) Bill; this could be arranged between the Secretary of State for Scotland and the Lord President.

(f) British Research and Development Corporation was important because of the large number of workers affected.

The Prime Minister, summing up the discussion, said that the Cabinet approved in principle the programme set out in C (70) 61, subject to the points which had been made. The priorities would need to be kept under review in the light of developments.

The Cabinet—

Took note, with approval, of the Prime Minister's summing up of their discussion.
5. The Cabinet considered memoranda by the First Secretary of State and Secretary of State for Employment and Productivity (C (70) 57) and the President of the Board of Trade (C (70) 62) about a proposal to include in the Commission for Industry and Manpower (CIM) Bill a power to enable Ministers to control the level of expenditure on advertising and sales promotion.

The First Secretary of State said that the Ministerial Committee on Industrial Policy (IPY) had considered here proposal that the CIM Bill should be amended to enable Ministers to control the level of expenditure by companies on advertising and sales promotion, following a report by the Commission which found that levels of such expenditure were excessively high and against the public interest. IPY were generally in favour of such an amendment but felt that the political implications of seeking the additional power at the present time should be considered by the Cabinet. At present there was no power to restrict expenditure in this field, even if the Commission found it was excessive. The Monopolies Commission had suggested a 40 per cent reduction in sales promotion expenditure in their report on household detergents in 1966; but in the absence of an appropriate power the Government had only been able to take less satisfactory indirect action. Similarly, the reports of the National Board for Prices and Incomes on confectionery and on cosmetics had shown that excessive selling costs were used as an alternative to price competition. A research project which the Board of Trade were about to initiate would provide helpful guidance for the use of the power; but it would be wrong to forgo the opportunity provided by the CIM Bill to take powers the need for which had emerged as long ago as 1966. When the relevant clause had been reached in Committee earlier in the week the point had been raised in discussion; and the Government's spokesman had made a non-committal reply. She now proposed to initiate consultations with the Confederation of British Industry and the Trades Union Congress with a view to tabling an amendment to the Bill at the Reports Stage.

The Minister of State, Board of Trade, said that high advertising and promotion expenditure could constitute a barrier to entry into a particular product market and hence contribute to monopoly and oligopoly situations; it could also rise beyond the point at which it was economically advantageous to the consumer. But not enough was known about the relation between sales promotion expenditure, sales and market power or about the interaction between various forms of sales promotion to assess the effect of any control. It was possible that competition would be diverted into forms, e.g. enhanced retail margins, which would be even more undesirable. It would, indeed, be difficult to define the expenditure to which the proposed new power would relate. Following the 1966 report on household
detergents the then President of the Board of Trade had announced that he would institute an independent research study; this was about to get under way. Until its results were available the Government would find it embarrassingly difficult to explain in the House how it was intended to operate the proposed control. Moreover, the proposal would arouse suspicions that the Government envisaged a more comprehensive attack on advertising than was in fact intended. The advertising industry might then withdraw their co-operation which was essential to the success of the proposed research project. It would be preferable to allow that project to be completed, probably in the summer of 1972, before attempting to draw up realistic legislative proposals.

In discussion there was general agreement that the existence of the proposed power would be helpful in negotiations with firms in a position of market power, even if it would rarely be directly invoked. The difficulty of defining and implementing the control and the risk of adverse reactions from the interests concerned would be reduced if it were made clear that the power related to sales promotion as a whole and not exclusively to advertising and that it could only be invoked where the CIM had found that expenditure was excessive and against the public interest.

The Prime Minister, summing up the discussion, said that the Cabinet agreed in principle that the CIM Bill should be amended on the lines proposed by the First Secretary of State provided that the new power was expressed as applying to sales promotion generally. She should now arrange, in consultation with the other Ministers concerned, for an appropriate provision to be drafted; but the Cabinet agreed that further consideration would need to be given to the timing of the necessary announcement and of any consultation with outside interests. The Board of Trade research project might, however, proceed as planned.

The Cabinet—
(1) Took note, with approval, of the summing up of the discussion by the Prime Minister.
(2) Invited the First Secretary of State, in consultation with the other Ministers concerned, to arrange for a provision to be drafted on the lines proposed.

The Cabinet considered a memorandum by the Minister of Transport (C (70) 63) about the decision of the Greater London Council (GLC) to approve increases in fares on London buses and the Underground railway.

The Minister of Transport said that on 12 May the GLC had approved proposals for increases in London Transport Underground
and bus fares, including a 1s. 0d. minimum on the Underground in Central London. The increases would add about 14 per cent to the fares revenue of the London Transport Executive (LTE) and would probably come into force in mid-August. The GLC Opposition had argued strongly that at least some of the extra cost should be carried on the rates, in order to avoid hardship to the travelling public and to reduce the risk of diverting more traffic from public to private transport; but the majority Party had refused to contemplate such a subsidy. The Government could refer the increases in London fares to the National Board for Prices and Incomes (NBPI); but the GLC would be able to challenge in the courts any attempt to apply to these increases the statutory powers to impose a standstill under the terms of Part II of the Prices and Incomes Act, 1966. They appeared already to be arousing expectations of an NBPI reference, no doubt in the hope of imputing to the Government some responsibility for the fares increases. The proposed 1s. 0d. minimum could not reasonably be represented as an abuse of the change to decimal currency, since the LTE were retaining 6d. fares for buses and for the Underground outside the central area. There was, indeed, a possibility that the NBPI, which in its last investigation of the subject in 1969 had stimulated consideration of a higher minimum fare in the central area, would endorse the 1s. 0d. minimum. The Board might also be unable to recommend changes acceptable to the public in the rest of the LTE’s proposals, which provided, for example, that 75 per cent of all bus fares in central and outer London would remain unaltered. The write-off of £250 million of the capital debts of the LTE’s predecessor, when responsibility for London’s transport system was being transferred to the GLC, had given rise to considerable resentment elsewhere in the country; and the Government should avoid any appearance of over-sensitivity to the needs of the London travelling public, such as might be implied in a reference to the NBPI, especially since a broad comparison of the percentage increases in fares in urban areas since 1965 suggested that London was near the lower end of the range. An NBPI reference on urban area transport charges more generally would mean an investigation of the activities of the new Passenger Transport Authorities before they had an opportunity of fully taking stock of their responsibilities and would in general be undesirable. For all these reasons it might be preferable that no reference should be made to the NBPI on the proposed London fares increases and that the responsibility for introducing these increases should rest clearly with the GLC.

The Cabinet, after a brief discussion of the Minister of Transport’s proposals, decided to resume consideration of the subject at a subsequent meeting.
7. The Cabinet considered a memorandum by the Secretary of State for Social Services (C(70) 60) on the starting date for the earnings-related pensions scheme.

The Secretary of State for Social Services said that the target date for the introduction of the earnings-related pensions scheme was April 1972. It had always been recognised that this would present a tight timetable; and there was increasing pressure from those concerned with occupational pension schemes for a year’s postponement. These schemes would be faced with formidable financial, administrative and legal problems; and it was being strongly represented to him that the necessary work on their modification could not be completed in time for the earnings-related scheme to start by 1972. For these reasons, April 1972 could no longer be considered a realistic target date; and, since the new scheme must start at the beginning of a tax year, he invited the Cabinet to agree that its introduction should be deferred until April 1973. The timing of an announcement of the deferment could be settled later; and it would be important in the interim to avoid any premature disclosure of this change.

In discussion it was pointed out that a decision to defer the introduction of the scheme would be liable to cause disappointment, especially among those responsible for public sector pension schemes, although the introduction of the Armed Forces’ pension scheme would not be affected. Moreover, the proposed deferment would involve postponing desirable reforms in the taxation system. The general view of the Cabinet, however, was that deferment was inevitable; and it was agreed that officials should be asked to carry out an urgent review of its implications, with particular reference to the possible need for an increase in contributions to meet the cost of introducing the attendance allowance and improving widows’ pensions in April 1972.

The Cabinet—

(1) Agreed that the introduction of the earnings-related pensions scheme should be deferred until April 1973.

(2) Invited the Secretary of State for Social Services, in consultation with the Chancellor of the Exchequer, to arrange for officials to undertake an immediate review of the implications of this deferment, on the lines indicated in the discussion.

Cabinet Office, S.W.1,
14 May, 1970.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Sunday, 17 May, 1970, 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. 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 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. 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

Also present:
The Right Hon. Robert Mellish, M.P., Parliamentary Secretary, Treasury

Secretariat:
Sir Burke Trend
Mr. P. E. Thornton

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Subject
PARLIAMENT
Dissolution of Parliament
The Prime Minister informed the Cabinet that he had decided to ask The Queen on the following day to proclaim the Dissolution of Parliament. If Her Majesty acceded to this request, the Dissolution would take effect on Friday, 29 May; a General Election would be held on Thursday, 18 June; the new Parliament would be summoned at the end of June (when the first business would be the election of the Speaker and the swearing-in of Members) and would be opened at the beginning of July. A public statement to this effect would be made at 5.45 p.m. on the following day.

In reaching his decision to seek a Dissolution he had endeavoured to take account of all the relevant factors, both political and economic, and of the views of his colleagues who bore the main responsibility for the Government's policies in the months ahead. One of the most important considerations was the uncertainty of the international prospect in relation to such issues as European security, Northern Ireland, etc., and the need for the Government to be able to speak for the United Kingdom with authority in the forthcoming negotiations for entry into the European Communities. Moreover, public opinion was now expecting a General Election in the near future; and, if the Government deferred seeking a renewal of their mandate, they would find it progressively more difficult to control events and would increasingly lose the power of initiative. It was mainly for these reasons that he had concluded that this would be an appropriate moment for the Government to seek once again the endorsement of the electorate.

Instructions would shortly be issued about the use of official transport and the granting of Press interviews by Ministers during the Election. Ministers would also be advised of certain arrangements to be made in connection with the conduct of public business during the campaign. An Election Business Committee would be established in the usual way; and the Minister without Portfolio would provide the necessary channel of communication between the Committee and Labour Party Headquarters. Ministers would remain fully responsible for the work of their Departments during this period; and it was important that they should be seen to be so. But, while they should continue to discharge their normal duties, they should observe reasonable discretion in relation to the initiation of any action of a continuing or longer-term nature, e.g. discussions with both sides of industry on future policies and such consultations as would normally take place in the National Economic Development Council. The same principle should apply as regards any further published statements of Government policy, whether in the form of White Papers or otherwise. It would be
desirable, however, to publish the proposed White Paper on Environmental Pollution before the Dissolution. Its text would therefore be decided as far as possible by an ad hoc Committee under his chairmanship: and the Cabinet would be asked for their formal approval at their meeting in the week beginning 26 May.

In discharging public engagements during the period of the Election Ministers should seek to avoid creating any impression that they were using these occasions for Party political purposes: and they should also consider, before undertaking to fulfil any international commitments, whether the nature of the subject matter involved would enable them to speak with the authority proper to a representative of Her Majesty’s Government. It would, of course, be right that the United Kingdom should continue to be represented at important international conferences, e.g. the forthcoming meeting of the Ministerial Council of the North Atlantic Treaty Organisation. But Ministers contemplating individual visits abroad should reconsider whether to proceed with them.

As regards the completion of essential Parliamentary business the House of Lords would remain in Session during the remaining two weeks to Dissolution and the House of Commons would be recalled on Tuesday, 26 May. An ad hoc Committee, consisting of the Lord President, the Lord Privy Seal, a Treasury Minister and the Chief Whips of both Houses of Parliament, would be established to supervise the negotiation of business during this period and to draft The Queen’s Speech on the Prorogation of Parliament. There would be no Parliamentary Questions in the House of Commons in the week beginning 26 May; but it would be possible for Ministerial statements to be made in that week, if necessary.

The Cabinet were then informed of the basis on which it was hoped to complete essential Parliamentary business in the remainder of the Session.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s statement on the Dissolution of Parliament and of the arrangements to be made in connection therewith.

(2) Took note that the Prime Minister would arrange for consideration to be given to the White Paper on Environmental Pollution with a view to its publication before the Dissolution.

Cabinet Office, S.W.1.
18 May, 1970.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 28 May, 1970,
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 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 PEA R, 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, 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 ARTHUR IRVINE, Q C, M P, Solicitor-General (Items 5 and 6)
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1. The Cabinet were informed of the progress of Parliamentary business during the current week. It was expected that Parliament would be prorogued soon after 11 a.m. on Friday, 29 May, after the Royal Assent had been signified to Bills which had passed both Houses.

The Cabinet approved the draft of The Queen’s Speech on the Prorogation of Parliament (C (70) 68), subject to the deletion of the words “and increasing the security of occupants of tied cottages” at the end of paragraph 31.

2. The Foreign and Commonwealth Secretary said that at the recent Ministerial meeting in Rome of the North Atlantic Treaty Organisation (NATO) there had been agreement on the need for a more positive approach to the proposal, made by the Soviet Union and its Warsaw Pact allies in 1969, for a European Security Conference. This agreement was reflected in a declaration on mutual balanced force reductions, which had been published with the communiqué at the end of the meeting. It was now proposed to seek the views of all European countries, including both the neutral Powers and the members of the Warsaw Pact, on the possibility of making progress on these lines; and, if their replies were favourable and there were no adverse developments in any other East-West context (e.g. the Strategic Arms Limitation Talks in Vienna), we might hope to promote a conference of Ambassadors in a neutral capital in order to decide on the best means of arranging further international negotiations on European security, not excluding our own proposal for a Standing Commission for this purpose.

In the course of a brief discussion there was a general welcome for the more positive approach which, thanks in large measure to the efforts of the Foreign and Commonwealth Secretary, NATO was now adopting towards the political aspects of European security.

The Foreign and Commonwealth Secretary said that recent oil prospecting operations in the area of Buraimi by the Abu Dhabi Petroleum Company had aroused the hostility of King Feisal of Saudi Arabia, who had territorial claims there. These particular operations had been ended. But the company might renew drilling; and the possibility of further tension between Saudi Arabia and the Persian Gulf States which still looked to us for protection could not be wholly dismissed. Recent oil prospecting elsewhere had also caused some deterioration in relations between Iran and the smaller Gulf States. We were using our influence on the side of restraint; and we must hope that it would prove possible to contain the problem.
Mr. Bobby Moore

The Foreign and Commonwealth Secretary said that there seemed to be reasonable prospects that Mr. Bobby Moore, the Captain of the side representing England in the Association Football World Cup Competition in Mexico, who had been arrested in Bogota on a charge of theft, would be released during the course of the day. Otherwise, a potentially delicate situation might develop; and we should have to consider carefully the form of our further representations to the Government of Colombia.

The Chancellor of the Duchy of Lancaster said that the British Council of the European Movement, which had been in receipt since 1963 of an annual grant-in-aid from the Exchequer, appeared to be preparing to play some part in the forthcoming General Election. In particular, they had established an information centre and had published a speakers' guide to provide information during the Election campaign on questions connected with our application to join the European Communities. It was for consideration whether the Government should indicate any disapproval of this action, e.g. by withholding the grant-in-aid. On the other hand the £7,500 which the Council were due to receive from the Government in 1970–71 in general support of the movement (of which £2,500 had already been paid) represented only a very small part of their income and was designed primarily to meet the expenses of British representatives at meetings in Europe and of entertaining European visitors to this country. These and related activities financed by the grant-in-aid were agreed with the Government in advance; and the grant was not available to finance propaganda in this country. In these circumstances any pressure which we were seen to put on the Council at the present juncture might be interpreted abroad as a weakening of the Government's resolve that the forthcoming negotiations with the European Communities should, if possible, succeed.

In discussion there was general agreement that the grant-in-aid should not be suspended. In any public discussions we should emphasise that it had been paid continuously since 1963 and that this relatively small contribution to the Council's funds did not mean that the Government were responsible for their policy. There would be no objection, however, to reminding the Council that any undue intervention in the General Election would be difficult to reconcile with grant-aided status; and it would be advisable to find an early opportunity of making this clear to them.

The Cabinet—

Took note of the statements by the Foreign and Commonwealth Secretary and the Chancellor of the Duchy of Lancaster and of the points made in discussion.

SECRET
3. The First Secretary of State said that the trade unions who were recognised by the port employers for the purposes of national wage negotiations had presented a demand for an increase in the national minimum time rate for dockworkers and had called for industrial action if the employers made no offer by 1 June. The pay increase, however, would not be matched by any concessions on productivity on the part of the dockworkers; and, if it were granted, settlements under Stage II of the recommendations of the Devlin Committee on the Port Transport Industry were likely to be at a higher level than had so far been contemplated. The port employers intended to try to maintain negotiations; but the deadline of 1 June was unrealistic. Mr. O'Leary, the National Docks Group Secretary of the leading trade union in question, the Transport and General Workers Union, also intended to deal with the issue at a deliberate pace; but there might well be unofficial action in support of the claim. The Government should not exert any pressure on the employers to arrive at a settlement which would have a significant inflationary effect. Nor was the case one which Mr. Feather, the General Secretary of the Trades Union Congress (TUC), could be expected at this stage to help to resolve. But she would keep in touch with both parties to the negotiations.

The First Secretary of State said that the Association of Cinematograph, Television and Allied Technicians had claimed a pay increase from the Granada Television Company (GTC) on the ground that the change to a 625-line television transmission system had entailed an increase in productivity which entitled their members to higher pay. After invoking the normal constitutional procedure, the union had now called an official strike. They had no doubt selected the GTC for attack in the hope of breaking the united front presented by the independent television companies as a whole in pay negotiations. This also was an instance where the services of the TUC General Secretary could not be called upon. But she would keep in touch with him and would suggest to the GTC that they might ask for the help of Lord Goodman, who had assisted in resolving the 1964 strike of the staff of the independent television companies and in averting a strike at the British Broadcasting Corporation in the previous year.

The Cabinet—

(1) Took note of the statements by the First Secretary of State.
Committee on Prices and Incomes but that he hoped to do so on Friday, 29 May. Failing a settlement, however, he might need to consult his colleagues as a matter of urgency.

*The Lord Privy Seal* said that the Civil Service Union (CSU), acting on behalf of 2,000 photoprinters who were employed mainly in the Ministries of Defence and Technology and the Department of Health and Social Security, were seeking to abandon the existing arrangements for Pay Research Unit (PRU) surveys for these employees and to link the pay of photoprinters with that of grades in the general service classes. They were claiming a 12 per cent pay increase against a PRU finding that their pay was already equivalent to that in comparable employment elsewhere. The Government offer had been limited to a 9 per cent increase; but the photoprinters had threatened that, in the absence of a further concession, they would resume their “go-slow” on Tuesday, 2 June, and Ministers should consider before then whether to stand firm. This might entail taking disciplinary action (for example, by suspending photoprinters from work) or, at the least, dispensing with a large part of the output of the photoprinters while the “go-slow” lasted.

*The Lord Privy Seal* said that the CSU were also pressing a claim for a 25 per cent pay increase for museum warders. This, too, might lead to a “go-slow”, which would have the effect of closing some museums at weekends.

The Cabinet—

(2) Took note of the statements by the Lord Privy Seal on pay negotiations for industrial civil servants, Civil Service photoprinters and museum warders.

(3) Invited the Chancellor of the Exchequer to arrange, so far as possible, for the Ministers principally concerned to be available to give urgent consideration to proposals for the further conduct of the negotiations in connection with the pay of Civil Service photoprinters, etc.

*The President of the Board of Trade* said that the British Airline Pilots Association had just presented to the British Overseas Airways Corporation a new claim for increases in the pay of pilots. It was unlikely, however, that the resultant negotiations would reach a critical point in the next few weeks.

The Cabinet—

(4) Took note of the statement by the President of the Board of Trade.
4. The Prime Minister said that, at a meeting which he and the Secretary of State for Social Services had just concluded, representatives of the British Medical Association (BMA) and the British Dental Association (BDA) had sought an assurance that, when the Report of the Review Body on Doctors' and Dentists' Remuneration was published, its recommendations (which included a proposal for a very substantial pay increase) would be implemented in full. He had, of course, refused to give such an assurance; and it was therefore likely that, unless more moderate counsels prevailed, members of the BMA might now carry out their threat of militant action within the National Health Service by withholding sickness certificates. If they did so, however, they would risk losing a great deal of public sympathy.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s statement.

The Prime Minister recalled that the Ministers concerned had been invited to examine the desirability of early references to the National Board for Prices and Incomes (NBPI) on the costs of motor insurance and costs and charges in the motor repair and servicing industry. The Ministerial Committee on Prices and Incomes, however, had recommended that the potential disadvantages of an early reference on motor insurance costs, particularly in terms of the possible effect on international confidence in the British insurance market, would outweigh the advantages. In these circumstances the reference would be confined to costs and charges for motor servicing and repairs; but it would serve to bring into relief a main element in motor insurance costs.

The Minister of Technology said that the Society of Motor Manufacturers and Traders and the Motor Agents’ Association had represented to him that the terms of the reference on motor servicing and repairs should not be settled until he had received, in the following week, the report of the Steering Committee which he had established, with the trade, to examine the NBPI’s earlier recommendations. This request was not unreasonable; and it might therefore be preferable at this stage merely to inform Parliament of the intended reference and to settle its precise terms during the following week after further discussion with the trade.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that the reference to the NBPI should be confined to the costs and charges of the motor repair and servicing industry and
should be arranged on the lines proposed by the Minister of Technology.

The Cabinet—

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

5. The Cabinet had before them a memorandum by the Secretary of State for Local Government and Regional Planning (C (70) 67), to which was attached a proposed White Paper “The Protection of the Environment: The Fight Against Pollution”.

The Secretary of State for Local Government and Regional Planning said that an ad hoc meeting of Ministers had considered the proposed White Paper in draft; and, subject to the approval of the Cabinet, he proposed to present it, jointly with the Secretaries of State for Scotland and Wales, to Parliament that afternoon.

In discussion, the following points were made:

(a) Commitments (for example, in paragraph 62) to raise grant expenditure beyond presently approved levels were on the basis that, save as Ministers might otherwise later decide in the annual survey of public expenditure, compensating reductions would be made within the fields of expenditure concerned.

(b) Paragraph 46, which stated the Government's intention to publish, with a view to consultation with those concerned, draft proposals for banning commercial supersonic flights which could cause a boom to be heard on the ground, would put us in the same position on this issue as the United States Government.

The Prime Minister, summing up the discussion, said that the Cabinet endorsed the draft White Paper, subject to the points made in discussion, and agreed to its presentation as proposed.

The Cabinet—

Approved C (70) 67.

6. The Cabinet considered a note by the Minister of Technology (C (70) 65) proposing a one-month deferment, until mid-July, of his meeting with M. Mondon, the French Minister of Transport, to review the Concorde project.

The Minister of Technology said that the letter which he proposed to send to M. Mondon had been agreed with the Attorney-General and raised no point of principle. The need to defer the
meeting arose simply from the impending General Election; and
the date which he now envisaged for the meeting would allow time
thereafter for the Cabinet to give full consideration to the substantive
issues involved. At that juncture difficult decisions would have to
be taken; and it would therefore be desirable for the Government
to avoid any precise commitment about the future of the project
during the Election campaign.

The Cabinet—
Approved the proposals in C (70) 65.

The Cabinet—

7. The Cabinet considered a memorandum by the Lord Privy
Seal (C (70) 66) proposing changes in the system for increases in
public service pensions.

The Lord Privy Seal said that the Government were already
committed to improving the present system for increasing public
service pensions; and he had intended to bring proposals for this
purpose before the Cabinet in the coming months. But the advent
of the General Election and the publication of specific proposals by
the Conservative Party made it desirable to define the Government's
position without further delay. The Conservative Party were
proposing that the pensions of individuals who retired before 1956
should be brought up to the same level as if they had retired in that
year, with the appropriate increases thereafter; that the purchasing
power of pensions should be protected for the future by regular
two-yearly reviews; and that pension increases should be payable
from the age of 55 (instead of 60) for those retiring before that age.
The cost could be estimated at £16 million, apart from subsequent
increases. By comparison, the proposals in C (70) 66, which were
both fairer and technically simpler, would restore the real value of
past pensions awarded before a base date, probably April 1969, and
thereafter would preserve the purchasing power of all pensions by
regular biennial reviews. There would be no change, however, in
the practice whereby pension increases did not apply below the age
of 60. The once-for-all updating of past pensions would cost about
£25 to £30 million; and thereafter the annual cost might be about
£35 million. But, since these adjustments would be of the nature of
pay and price increases, they would not represent new expenditure
for the purposes of the public expenditure survey. The proposals
might be criticised as not going far enough on the grounds that,
unlike the Government's Earnings-Related Pension Scheme, they
would give the pensioner no share in the nation's rising living
standards. But this would be defensible in view of the fact that
occupational pensions would be supplementary to pensions under
the State scheme.
In discussion it was recognised that the proposals needed further examination in detail and might create new anomalies while removing old ones. Nevertheless, they commanded general support, particularly as regards the limitation of the purpose of the biennial reviews to maintaining the purchasing power of pensions. Doubts were expressed, however, about the desirability of making any formal statement of policy at this stage, particularly in apparent response to the publication of the proposals in the Conservative Party Manifesto for the forthcoming General Election. Moreover, any announcement might prejudice the pending negotiations with the interests concerned in the adjustments to public service pension schemes made necessary by the Government’s Earnings-Related Pension Scheme. Nor would there be any time for the consultations with representatives of employers and employees which would normally have preceded the announcement of a new policy.

On the other hand, the issue was bound to be raised during the Election campaign; and it was therefore necessary to give guidance to Labour Party candidates about the Government’s policy. If there were objections to a formal and public statement for this purpose, it might be possible to make the Government’s intentions known by means of a reply to one of the letters on the subject which Ministers were currently receiving.

The Prime Minister, summing up the discussion, said that the Cabinet broadly approved the proposals put forward by the Lord Privy Seal, although they would need to be the subject of further consideration and consultation with the interests concerned. As regards the necessary announcement, a direct statement of policy might be inadvisable; and the Lord Privy Seal should consider, in consultation with the other Ministers concerned, how the proposals might best be given rather less obtrusive publicity, possibly by means of published correspondence with one or more of the various associations concerned.

The Cabinet—

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

(2) Invited the Lord Privy Seal to consider, in consultation with other Ministers responsible for public service pension schemes, how the Government’s proposals could best be made known.

Cabinet Office, S.W.1,
28 May, 1970.