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CABINET

DEFENCE EXPENDITURE STUDIES: CONSULTATION ON DEFENCE POLICY

Memorandum by the Secretary of State for Defence

The Cabinet approved (CC(67) 19th Conclusions, Minute 4) proposals by the Foreign Secretary and myself for initiating consultations with our allies about our Far East policy, but decided that we must leave open for decision in June-July the date of eventual withdrawal from Malaysia and Singapore and whether or not we were to maintain maritime and air forces in Australia. Subsequently the Foreign Secretary consulted Australia, New Zealand and the United States in Washington in April, and I had discussions with Singapore and Malaysia later in the same month.

Outcome of Consultations

2. Our allies have made it plain that they would be opposed to our deciding now to withdraw from Singapore and Malaysia in the mid-1970s, and even more strongly opposed to our announcing this intention when the Defence Expenditure Studies are completed in July. All five Governments maintain that this would seriously impair the political stability of the area.

3. Singapore, and to a lesser extent Malaysia, consider that, if we were to announce withdrawal as a long term objective, this would destroy commercial confidence and gravely damage their economic position; this could lead to the fall of the present regime in Singapore and to a situation in which the orderly withdrawal of our forces became impossible, combining the worst features of our experience over Aden and Malta. There are still some 70,000 Servicemen, women and children in Singapore on an island about the size of the Isle of Wight, widely dispersed among two million Asians of mixed race with a history of civil disorder; some 100,000 Asian men, women and children are economically dependent on their presence. British aid per head in Singapore is £6 8s per annum compared with £18 in Malta. If we wish for an orderly withdrawal, we have therefore a strong interest in the survival of a regime which is prepared to co-operate with us in phasing the withdrawal so as to cause minimum disturbance.
4. Australia and New Zealand attach importance to the Singapore/Malaysia base as an essential element in their forward defence; they regard it as a unique contribution to stability which could not be adequately made by any other means. The United States urge that, while the Vietnam war continues, we should not decide to withdraw altogether; they have made it clear that they would not take over any commitments which we thereby renounced.

5. As to the shorter term, both Singapore and Malaysia will be prepared to see a reduction of about half in our forces there by 1970-71 (subject to detailed discussions particularly about timing), provided they can be reassured about our continuing stake in the stability of the area. The United States understands the reasons for our proposed reductions, and it seems likely that Australia and New Zealand can be brought to accept them. But their co-operation depends critically on what we decide about the long term and on what we say about our intentions in public.

6. Until the outcome of the Defence Expenditure Studies is available at the beginning of next month, we cannot reach decisions on the size, shape and deployment of our forces in the mid-70s, nor can we decide the scope of what we shall wish to announce in July. But it is also clear that we cannot complete the current studies, nor consult our allies any further, without deciding in principle whether in such consultations we may offer to maintain some military capability in the Far East after we have withdrawn from our bases on the mainland. The Foreign Secretary has already reported to the Cabinet (CC(67) 23rd Conclusions, Minute 3) how much more difficult the first round of consultation had been made by an inability to say that we would maintain a continuing military capability for use in the Far East after we had left the mainland of South East Asia. This applied just as strongly to my discussions with Singapore and Malaysia.

7. The Prime Minister will be seeing President Johnson early in June. In the same month there will be further Ministerial discussions with Australia, New Zealand, Singapore and Malaysia. If we are to achieve our objective of smooth and rapid progress towards the planned savings over the next few years, it is essential to decide now whether, in the course of these discussions, we are prepared to indicate that we might be willing to maintain a continuing capability for use in the Far East after 1975-76. Moreover, as paragraph 3 shows, an announcement about this might be of crucial importance to our plans. If we should find it necessary to decide to announce our intention of leaving our bases in Singapore/Malaysia by the mid-70s, a simultaneous statement about a continuing capability thereafter might be essential to prevent an immediate breakdown of confidence in the area, with dangerous and costly consequences for our own rundown.

A continuing military capability for use in the Far East

8. The full costing of the Defence Expenditure Studies has not yet been completed. We cannot, therefore, define precisely what it would cost us to maintain, after we have left our mainland bases in South-East Asia, some form of military capability for possible use in the Far East. But, as a result of the work already done, I am confident that we should be able to afford a useful capability within a defence budget limited to £1,600 million (1964 prices) in 1975-76, and that its incremental cost will not be large.

-2-
9. Whatever our future policy in South-East Asia, we cannot
discard the military capability required to fulfil other potential
obligations outside Europe. Looking to the period beyond the mid-70s,
we cannot count on being rid of all our existing constitutional
responsibilities for the external defence and internal security of Fiji,
Hong Kong and other dependencies in the Pacific. We have promised
Mauritius a defence agreement when she becomes independent; and we
have accepted responsibility for the external defence of, for example,
the associated states in the Caribbean. In parts of Africa we might
have to protect British lives if they were threatened by disorder. We
have a moral obligation to give help, if needed, to Australia and
New Zealand. Moreover, in South-East Asia itself, we have formal
treaty obligations to countries such as Malaysia, and to the members of
the South East Asia Treaty Organisation (SEATO), which can be
terminated only by negotiations - although we can seek to change our
commitments to meet these obligations with changes in our capability.

10. Whatever progress we may expect to make in obtaining release
from our major formal commitments outside Europe, it would be
difficult to decide now to renounce all military capability to take action
in our remaining dependent territories, to help friendly Commonwealth
Governments, or to serve as part of a United Nations force in the
peace-keeping role. We must, therefore, plan to equip and train some
of our forces for these tasks.

11. I have made a preliminary examination of the way in which a
military capability could be made available for use in the Far East,
though its character, scale, and deployment must await the outcome of
the Defence Expenditure Studies.

12. We should be able, if we wished, to continue to maintain in the
Far East the naval presence which we plan to have there until the
mid-70s, though it would be on a very much smaller scale. It could
include amphibious units (and two Commandos) and a small force of
destroyers, frigates, and submarines. A force of this kind - which
would be a token of our continuing interest in the area - might be able
to share Australian facilities in Western Australia; or it might
continue to use in Singapore limited facilities maintained by the
Singapore Government.

13. As to Army and RAF units, our aim would be to avoid
stationing them in the area, with the exception of those units which we
shall have to station in Hong Kong (and possibly a few RAF aircraft
which we might keep in Singapore, if naval forces were to use
facilities provided there). But the Strategic Reserve in this country,
and the capability of the Royal Navy and RAF, would enable us to
deploy reinforcements, if required, to the Indo-Pacific area, though
any heavy equipment would take time. It might well prove useful to
demonstrate our reinforcement capability by the regular rotation of
units for exercise purposes to Australia or perhaps to Singapore or
Malaysia.
14. It would be possible to base in the United Kingdom our naval forces as well; but, from the military aspect, it would be more effective to have some military presence in the Far East, of a kind which a small naval force can best provide. Our allies would certainly prefer that these ships should be based on Singapore, arguing that this would be making a significant contribution to the stability of the area as well as providing political cover for any forces which Australia and New Zealand decide to keep in Malaysia. On the other hand, the continuing presence of a British force in Singapore, even though it were using the facilities of the Singapore Government, would increase the risk of involvement, and it would be exposed to adverse change in the Singapore political scene. The course of relying entirely on bringing forces, if necessary, into the area from the United Kingdom would be the least effective in military terms and politically much the least attractive to our allies. All our allies could be expected to resist it strongly; and, if it were a choice between that and the concept of basing a small naval force in Australia, we can assume that they would go for the latter.

15. We do not, in any event, have to take a decision on deployment plans at this stage. So long as we avoid any commitment to new and heavy capital expenditure on base facilities in Australia, the difference in cost between the alternative ways of deployment would be relatively small. If it were decided to keep a small presence in the area, it might prove cheaper to do so in Australia than in Singapore.

16. There are two other matters - Polaris and the Gurkhas - which could be relevant to our military capability for use in the Far East after the mid-70s.

Deployment of Polaris East of Suez

17. There is no evidence that any of our allies outside Europe would wish us to deploy our Polaris submarines in the Indian or Pacific Oceans or that they would regard the presence of these submarines as a suitable compensation for the removal of other British forces. But it may be desired to discuss this possibility with our allies during consultations on the defence expenditure studies.

18. I attach an annex which sets out the major military and political implications of deployment East of Suez. The terms in which we propose to assign the Polaris force to NATO do not exclude deployment of the force East of Suez from 1972 onwards when the new depot ship which has been planned for the support of other units of the Far East fleet is due to come into service. It is clear, however, that the political difficulties are such as to require major compensating advantages before a firm decision to deploy East of Suez could be contemplated. In particular, renegotiation of the Nassau Agreement might give the United States opportunities for raising wider issues to our disadvantage; and the withdrawal of the force from assignment to NATO might damage not only our military relations with our European allies, but also our prospects of negotiating entry into the Common Market on acceptable terms. The cost of such a deployment is likely to be of the order of £15 million in capital expenditure, of which £10 million would
be in dollars. The effect on running costs would be insignificant. From a practical point of view it now seems clear that we would not need to take a decision on the deployment East of Suez until, say, October, when it will be necessary to decide whether or not to place orders worth about £4.5 million for some of the extra facilities and support that would be required East of Suez.

The Gurkhas

19. If we plan to reduce our forces in the Far East by half in 1970-71, we shall have to continue the rundown of Gurkha forces from the 10,000 already announced (to be reached by the end of 1968) to about 6,000 (to be reached by the end of 1971). I have been considering whether there would be advantage in retaining about 6,000 Gurkhas beyond 1975-76 in Hong Kong or Singapore or both. The case for doing so does not appear strong at present. Once the size of the Gurkha force is reduced to about 6,000, its small size in relation to its overheads means that there is only a marginal saving from having a Gurkha battalion above that rather than a British battalion. The Nepalese Government might one day decide as a result of Chinese pressure, or for other reasons, to cease allowing us to recruit Gurkhas in Nepal; and there is no obvious way of ensuring that a commitment in Hong Kong or Malaysia lapsed automatically with the end of Gurkha recruiting. The Far East is the only area in which we can be sure of being able to use Gurkhas. For these reasons it would be unwise to plan on reducing even further the number of British infantry units so as to accommodate the four residual Gurkha battalions, which a force of about 6,000 would produce.

20. On the other hand, I am advised that it would be dangerous to announce a firm intention to disband the Gurkhas entirely as part of an announcement (which might best be next Autumn) about the further rundown from 10,000 to about 6,000, since this could damage morale among the remaining Gurkhas, even to the point of mutiny. For this reason a firm decision on the final rundown of the Gurkhas to zero is unlikely to be required before, say, 1970, although for planning purposes I believe that we must now assume that the Gurkha rundown will be complete by the end of 1974. Our costings are based on this assumption.

Conclusions

21. To sum up, after consulting the Foreign Secretary and the Commonwealth Secretary, I would put the following conclusions to my colleagues:

(a) Until we have completed the Defence Expenditure Studies, we cannot reach final decisions on our defence policy in the Far East, and on the character, scale and deployment of any military capability we decide to retain for use in that area after we have withdrawn from the mainland of South-East Asia. But a decision in principle to maintain such a capability may be essential to our plans for smooth and rapid reductions in South-East Asia over the next few years; and a statement to this effect could be crucial for the maintenance of confidence if we should later decide to announce our intention of leaving Singapore and Malaysia by the mid-70s.
Our continuing obligations outside Europe will require some military capability, whatever our future policy in South-East Asia; and we can expect to be able to afford this within the defence budget ceiling assumed in the current studies. From the military and political aspects, the most effective capability is likely to be composed of a small naval presence in the Far East, backed by a reinforcement capability from all three Services based on the United Kingdom; but deployment plans can be settled later.

The deployment East of Suez of the United Kingdom Polaris force would present some political difficulties; and it is not certain that it would be of special value as a military capability in the Indo-Pacific area; but a decision on this option can be deferred until next October.

There would be difficulties in the way of planning to retain indefinitely, beyond 1974, a residual force of Gurkhas; but it will not be necessary, or wise, to take a final decision to disband the Gurkhas for several years yet.

Recommendations

22. I invite the Cabinet -

(a) to agree that, in the forthcoming round of consultation, we should make clear that, while we shall plan to give up our bases on the mainland of South-East Asia by the mid-70s, we shall also plan to retain a military capability for use, if required, in the Far East after 1975;

(b) to note that, while the size, character, and deployment of this military capability can be decided later, it should be possible to accommodate it within a defence budget ceiling of £1,800 million (at 1964 prices) in 1975-76;

(c) to note the position on the possible deployment East of Suez of the Polaris force, on which no decision is required, and can best be deferred, until next October;

(d) to note the position on the Gurkhas, which shows that a final decision on disbandment should not be taken for several years yet.

D.W.H.

Ministry of Defence, S.W.1.

23rd May, 1967
ANNEX

Possible Deployment of Polaris East of Suez

The major military and political implications of deploying the United Kingdom Polaris force East of Suez, when (after 1972) we were in a position to do so, would be these.

2. It is not possible to split a deterrent force of four Polaris submarines between the Atlantic and East of Suez. Moreover, because of the long lines of communication to the main base in the United Kingdom, and the distance between their forward operating base and firing positions in the Indian Ocean, the availability of submarines on their station at immediate readiness to fire would be less than with an Atlantic deployment; but, at the worst, it should be possible to keep one submarine continuously on patrol in the Indo-Pacific area. This patrol could be in one of two positions from which either NATO targets in Russia, or targets in South China (but not both) could be immediately attacked; or in an area from which either position could be reached in four days. Although the Chinese nuclear programme is going ahead faster than had been expected, this progress is unlikely to be as rapid as that of the development of the Russian ABM programme in the 1970's. This development underlines the need to consider the possibility of deploying the submarines against China rather than Russia in the long term.

3. But deployment East of Suez would raise difficult political issues. Her Majesty's Government is deeply committed by the Nassau Agreement, and by its public statements since, to contribute the Polaris Force to NATO; and it is planned to assign the boats as they come into service. The ANF proposal included the specific commitment of the Force for the duration of the Alliance; and, although the ANF scheme itself is dormant, the withdrawal of the Force entirely from NATO - or the announced intention of doing so - might damage the prospect of solving the problem of nuclear sharing in the Alliance. Moreover, our nuclear strategic force may well be a valuable card in relation to membership of the EEC.

4. At the same time, there are some doubts about deployment East of Suez. Would the Americans welcome it? Would the Australians or any other country be willing to allow the submarines to be based on their territory? In the longer run is there any prospect of a nuclear free zone being established in and around the Indian Ocean, which might restrain our freedom of action in the British Indian Ocean Territories? There would certainly be little prospect of finding any basis in the Indo-Pacific area on which we could say that the Polaris Force had been internationalised.

5. Finally there would be risks of criticism, however misplaced, of any move which appeared to substitute nuclear for conventional capabilities in the area; and neither the Americans nor our other Allies would be likely to regard the Polaris submarines as a satisfactory alternative to those conventional forces which we are proposing to withdraw from the Far East.
23rd May, 1967

CABINET

NEGOTIATIONS WITH THE EUROPEAN COMMUNITIES

Memorandum by the Prime Minister

Now that Parliament has endorsed our decision to apply for membership of the European Communities, we must ensure that we are ready to pursue our applications as rapidly and as effectively as possible. It will accordingly be necessary to strengthen the inter-departmental machinery which has hitherto been responsible for developing our approach to Europe; and I have approved the following arrangements for this purpose.

2. The Foreign Secretary will be responsible for the general supervision of the negotiations; and he will take the chair of a new committee of the Ministers mainly concerned, which will keep the negotiations under review and will report, as necessary, to the Cabinet. This committee will be served by an official steering committee of Permanent Secretaries under the chairmanship of the Secretary of the Cabinet and by the existing Official Committee on the Approach to Europe (EUR(C)).

3. The Minister of State for Foreign Affairs (Lord Chalfont) will be responsible for the day-to-day conduct of the negotiations and will be supported by an official Delegation headed by Sir Con O'Neill. The existing Delegation to the Communities will continue to conduct normal business with them and will also be available to advise and reinforce the negotiating Delegation as necessary.

4. The detailed arrangements to give effect to these changes will be announced in the usual way.

5. Lord Chalfont's duties in connection with disarmament and other matters will be assumed by the Minister of State for Foreign Affairs (Mr. Mulley).

H.W.

10, Downing Street, S.W.1.

23rd May, 1967
CABINET

REGIONAL EMPLOYMENT PREMIUM

Memorandum by the First Secretary of State and Secretary of State for Economic Affairs and the Chancellor of the Exchequer

The Ministerial Steering Committee on Economic Policy at their meeting on 23rd May considered the annexed memorandum on the introduction of a Regional Employment Premium (REP).

2. The Committee agreed to recommend to the Cabinet that the Government should go ahead with the introduction of REP on the lines proposed in the "Green Paper". They agreed on balance that the scheme should be confined to the existing development areas and that special assistance should not at this stage be extended to other areas with employment difficulties - the so-called "grey areas" - whose problems would need to be reviewed in the light of the effects of REP.

3. The Committee endorsed the recommendations set out in paragraph 22 of the annexed memorandum, subject to the following points:

(a) While it was agreed that a debate in Parliament should be arranged before a new Clause to the Finance Bill was put down, it was for consideration whether, instead of deferring the announcement of its decision until after the debate (as proposed in paragraph 22(i) of the annex), the Government should not announce in the debate their decision in principle to introduce REP, while remaining uncommitted until after the debate on particular aspects such as the coverage of the scheme and the rate of premium.

(b) While an assurance should be given that the scheme would continue for seven years (paragraph 22(iii) of the annex), in the interests of ensuring that it did not continue indefinitely it was for consideration whether it should be made clear that the amount of the premium would begin to be tapered off during the seven-year period, from a point in time to be decided in the light of the scheme's effects, so as to phase it out completely at the end of seven years.
4. We invite the Cabinet -

(i) to decide the points at (a) and (b) above;

(ii) subject to those points, to endorse the recommendations in paragraph 22 of the annex; and

(iii) to consider whether REP should be paid to the nationalised steel industry (this is referred to in paragraph 17 of the annex, but was not discussed by the Committee).

M. S.
L. J. C.

Department of Economic Affairs, S. W. 1.

24th May, 1967
SEP(67)32, the report by officials, summarises the results of the consultations on the proposals set out in the "Green Paper" for a Regional Employment Premium, and draws attention to a number of points which will need to be settled if we decide to go ahead with the proposals. The main issues for decision at this stage are:

(a) Can we, in the light of the consultations, now decide whether or not to go ahead with the proposals?

(b) Should any amendments or additions be made to the "Green Paper" proposals?

(c) If we decide to proceed, should we do so by an amendment of the Finance Bill or by separate legislation?

Case for the Proposals

2. The publication of the "Green Paper" has generated a wide-ranging and generally constructive discussion of the proposals in Parliament and the press, as well as in N.E.D.C. and the regional Economic Planning Councils. There is no doubt that if we decide to go ahead there will be more support for the proposals from informed opinion than we could otherwise have expected. This new technique has also made it possible to assess more accurately the nature of the objections which are likely to be raised, and to distinguish those which are directed to the general objectives of the proposal from those which arise from fears of its effect on particular interests or particular areas.
3. On the general objectives of the proposal there has, among economists, been virtually unanimous support for it as an imaginative approach to the long-term problems of the development areas. The balance of comment in the press, particularly from economic and financial correspondents, has been favourable. The T.U.C. support it, though with some reservations. The reactions of the regional Economic Planning Councils have been mixed; in Scotland, Wales, the Northern Region and Northern Ireland, the Councils have welcomed the proposal, but in the North West, Yorkshire and Humberside, East Anglia and the South West, the emphasis has been on the possible harmful effects on these regions of further preferential treatment for the development areas, and comment on the proposal itself has varied from a lukewarm acceptance to outright opposition. It is significant that the East and West Midlands Councils have welcomed the proposal, and that the South East Council, while expressing doubts about the value of the proposal for the national economy, accepts that in so far as it is effective it might help to relieve the pressures on labour in the South East.

4. Industrial opinion as expressed through the C.B.I. and A.B.C.C., and through those E.D.C.s who have been consulted, is strongly critical of many of the economic arguments on which the proposals are based. The main points of this criticism are that the premium would be unlikely to have a significant effect on prices in the development areas, or lead to a shift in the pressure
of demand from the South East and the Midlands. It is also considered that a large element in the premium, perhaps as high as 50% would be dissipated in wage increases in the development areas with possible inflationary repercussions elsewhere. For all these reasons it is doubted whether the premium could, in fact, be regarded as self-financing. The C.B.I. think that what is needed is a survey in depth of the objectives of regional policy, in which they would be glad to cooperate, which might lead to the introduction of different measures. They lay particular emphasis on the need to improve the arrangements for training skilled labour, the shortage of which they regard as the major inhibiting factor on regional development at the present time.

5. The criticisms of the economic case for the proposal were taken into account before we decided to publish the "Green Paper" and they are further discussed in the report by officials (paras. 8-30). Although they underline the uncertainty of some of the assumptions underlying the scheme, our judgement is that the doubts raised by industry are not sufficient in themselves to invalidate the general case for the proposals; we think it unlikely, however, that further consultation would lead to any significant change of industrial opinion on the general case for the proposals.

6. A point to which industry attaches particular importance is that if the regional premium is introduced, it will have to be made clear that it will remain in force for a substantial period if it is to have much influence on industrial investment. This point is discussed in paras. 75 - 84 in the report by officials where it is suggested that there should be a Ministerial statement giving a specific assurance that the premium would be paid at the full rate for a minimum period of 5 years for the present Development Areas. We think that there is considerable force in the point made by industry, and that a better way of dealing with the matter would be to say that in the light of the representations made by industry, we have decided to extend the period of 5 years referred to in para. 29 of the "Green Paper" to 7 years.
7. Of the other criticisms made of the proposal the most substantial is that it would reduce the incentive to manufacturers to use their labour more efficiently and so run counter to the efforts we are making through the E.D.C.s, the National Productivity Conference, and so on to raise productivity. Given the crucial importance of improving labour utilisation this criticism cannot be lightly dismissed but on balance we do not consider it of sufficient weight to offset the other advantages of the scheme.

The Rate of Premium

8. There has been very little comment on the level of the premium, most commentators having assumed that the rate would be 30/- . This question and the associated issues of the rates for women, juveniles and part-timers are discussed in paras. 57 to 69 of the officials' report. We recommend that the rate should be 30/- for males, 15/- for women and boys, 9/6 for girls with half-rates for part-timers, subject, on the last point, to further consultation with both sides of industry.

Possible Amendment of Additions to the Proposal

9. It has been suggested that the premium should be extended to service industries and to the construction industry in the development areas. The report by officials (paras. 46-56) recommends against both these proposals, for reasons which we find convincing. Otherwise, the pressure for modifications of the proposal is for it to be accompanied by other measures to assist areas which would gain little benefit from the premium, or which might be adversely affected by it. This has taken the form of suggestions for additions to the development areas (paras. 31-33 of the report by officials), special treatment for "grey areas" (paras. 34-35), and special measures to assist sub-regions in the development areas with a low level of manufacturing employment (paras. 36-45).
10. The point was made in the "Green Paper" that "it would not be possible to satisfy demands for a substantial extension of the development areas without diluting the preference for the existing development areas and reducing the effectiveness of the scheme in remedying their special problems". (para. 44). Apart from this very important consideration, any addition to the existing development areas would automatically involve additional expenditure on investment grants and assistance under the Local Employment Acts, as well as an increase in the total payments through the regional employment premium. There would therefore be difficulty in any major changes in the present boundaries of the development areas.

11. It remains for consideration whether some special incentive to industrial development would be justified in some areas, close to the existing development areas, on the ground that they are likely to be adversely affected by the introduction of a regional premium. Examples of such areas are N.E. Lancashire, S.E. Wales, and Plymouth.

12. Without special legislation, the only form of incentive which could be given to such areas would be an increase in the level of investment grants (say, from 25% to 35%). The cost would not be large. Since the effect of this on the preferential position of the development areas would be small, it would not seriously weaken the regional premium. But for this very reason, it might do very little to satisfy the demand in these areas for more substantial incentives.
13. It would, moreover, be difficult to define the areas which would qualify for an increased rate of investment grant. Even if these could be confined to areas which are close to the existing development areas, there would be pressure to include other areas in the N.W. Region besides N.W. Lancashire, part (or, as the regional Council have suggested, the whole) of the Yorkshire and Humberside Region, Edinburgh and North Wales.

14. The problems of the "grey areas" are not as urgent as those of the present development areas, and we would think it wiser not to introduce any concept of special treatment for "grey areas" at the same time as the regional employment premium. We should, however, make it clear that although we do not accept the view that the introduction of a regional employment premium would make it necessary to provide an immediate stimulus to industrial development in other parts of the country, we recognise that if the premium is successful, it will create changes in the regional balance which may make it necessary to review the general objectives of regional policy.

15. The problem of sub-regions within the development areas is rather different. It is not suggested that these will be harmed by the premium, but that they need other forms of assistance, particularly in view of the supposed effect of S.E.T. on tourism and other service industries.

16. The arguments against refunds of S.E.T. for service industries in the development areas or in sub-regions were fully set out in the "Green Paper"; there may, however, be a case for giving further consideration to the position of the hotel and catering industry, in view of the fact that in these sub-regions it has a special importance for the tourist trade. This is discussed in paragraphs 36-45 of the report by officials. The hotel industry is already in receipt of official assistance.
It may be that this could be extended to some extent or that new forms of assistance could be evolved. In view of the practical difficulties of defining the sub-regions themselves, it would be very difficult to draw up a workable scheme. This would certainly not be done in time to take any legislative provision in the Finance Bill or indeed to announce the Government's intentions at that time. Any move in this direction would lead to pressure for further concessions. It is not yet clear whether tourism will be adversely affected by S.E.T. and it will benefit (though not this season) from the recent concession for part-timers. It would seem justifiable to take the line that the introduction of a regional employment premium for manufacturing does not itself afford any grounds for further amendment of S.E.T.

Steal

17. The question of whether regional employment premium should be paid to the nationalised steel industry is still under consideration, but no fresh legislative provision would be needed to give it.

Implications of early legislation

18. The result of the consultations and comments on the "Green Paper" have, in our view, established that although there are possible difficulties about the proposal for a regional employment premium, it should be of considerable value both for the general management of the economy and as a reinforcement of our regional policies. If this is accepted, the arguments for proceeding by a new Clause of the Finance Bill are:-

(a) Although the Premium is not intended as a contracyclical measure, it would have some immediate impact. It might, for example, influence management to keep open factories in development areas which would otherwise be closed. It could, therefore, be of some importance to start the premium payments before next winter.

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There is increasing pressure from the regions which would benefit from the premium for the early implementation of the proposals.

There is little point in delaying legislation if there is no prospect of any significant changes in the "Green Paper" proposals.

There would be no need to find time for a separate Bill.

19. The main objection to early legislation is that it may be said that we have not paid sufficient attention to the criticisms of the proposal, particularly from industry. At the meeting which the First Secretary held with the C.B.I. on 19th May it became clear that there is no likelihood that the C.B.I. would alter their general attitude to the proposal. Apart from the objections of principle which they raised, they laid great emphasis on the importance of increasing the supply of skilled labour in the Development Areas. They said that they had some constructive suggestions to make on the way in which training in the Development Areas might be stepped up. The C.B.I. envisaged these as an alternative to the premium, but it is clear that an increased programme of training in the Development Areas is very desirable as a complement to the premium. Moreover, the presentation of the premium would clearly be a good deal easier if we could simultaneously announce new measures to increase training in the Development Areas. We accordingly suggest that the First Secretary and the Minister of Labour should have urgent talks with the C.B.I. about their ideas in order to establish whether there is any further action the Government could usefully take in this field.

20. The C.B.I. also pressed strongly for a study in depth of our regional economic policies before a decision is taken on the regional employment premium. Others, including some of the
Regional Economic Planning Councils, have made similar suggestions.
We believe there is much to be said for such a study in due
course but to do it properly would take a considerable time,
while the problem of the Development Areas cannot wait. It
would, however, help to mollify the C.B.I. and other critics
if, at the time of the announcement of R.E.P., the intention of
conducting such a study were also announced together with an offer
for the C.B.I. and the T.U.C. to be associated with the work.
The intention would eventually be to publish another paper, like
the "Green Paper" to provide a background for informed discussion.
Such a paper could not usefully be published for at least 18
months, until there has been time to make some assessment of the
impact of the regional employment premium.

21. The procedure of publishing the "Green Paper" for informed
discussion has been widely welcomed. Parliament has not yet
had an opportunity to debate the subject in itself although it
has figured in many speeches on related issues. In our
view, there should be a debate before the clause
is announced, and it is most desirable that after the
Government decision is announced, there should be a convincing
response to the various criticisms that have been made of the
Green Paper to make it clear that the Government gave full
consideration to all the criticisms before they went ahead.
We propose, therefore, that a White Paper should be published
at an appropriate moment setting out the main criticisms and
replies to them.

Conclusions

22. We ask our colleagues to agree that we should make the
following recommendations to the Cabinet:

(i) that there should be a debate in Parliament
on the regional employment premium before
the Government's decision is announced;
(ii) that subject to this debate, a new Clause to the Finance Bill should be moved at the Committee stage providing for the introduction of the regional employment premium;

(iii) that the period of 5 years referred to in paragraph 29 of the "Green Paper" should be extended to 7 years;

(iv) that the rate of premium should be 30s. Od. for males with the corresponding rates for women, juveniles and part-timers proposed in paragraph 8 above;

(v) that there should be urgent discussions with the C.B.I. about their ideas on new means to increase training in the Development Areas;

(vi) that there should be a study in depth of our regional economic policies with a view to publishing a further "Green Paper" in about 18 months' time;

(vii) that a White Paper should be presented to Parliament after the announcement of the Government's decision, setting out the main criticisms of the Green Paper and giving the answers to them.

M.S.
L.J.C.

19th May, 1967
CABINET

THE ECONOMY OF WALES: DRAFT WHITE PAPER

Memorandum by the Secretary of State for Wales

The Government have an obligation to publish a document on the economy of Wales. I have been under considerable pressure on this in Parliament and have undertaken to present a White Paper before the Summer Recess.

2. I attach a draft which has been prepared in close collaboration with all Departments concerned. It was considered on 23rd May by the Ministerial Committee on Environmental Planning, who approved it and invited me to arrange for it to be submitted to the Cabinet.

3. Amendments will be required to the following paragraphs in the draft to take account of points made in the discussion in the Ministerial Committee:

Paragraphs 5 and 6 of the Foreword regarding the Welsh Economic Council.

Paragraph 340 regarding Cardiff.

Paragraph 348 regarding the Dee estuary.

Paragraphs 129, 130, 333 and 395 regarding the Welsh coal industry.

I shall circulate revisions of these paragraphs as soon as possible.

4. The Stationery Office will be able to publish the document in the second half of July. There are some passages in the draft which may need further revision at the proof-reading stage later in June, to take account of developments and decisions reached between now and then.

C. H.

Welsh Office, S. W. 1.

24th May, 1967
WALES: THE WAY AHEAD

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<td>Industrial Training</td>
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Note:
References to Wales in this White Paper include Monmouthshire.
FOREWORD

Wales is passing through a period of unusually rapid social and economic change; the age of sophisticated and automated industry is pressing upon us. It is right that, at this moment, we should pause to consider the whole scene and examine the economy of Wales and the environment of its people. This White Paper is, indeed, the first occasion when Her Majesty's Government have brought together all the issues which affect the economic, social, and cultural background of life in modern Wales.

Planning means different things to different people, but I suggest that the essence of it lies in trying to identify, and where possible quantify, the problems that face us and then seeking to work out, in the light of the available resources, the policies that best promote their solution. It is this objective that has been pursued in this document and not an attempt to construct a theoretical framework within which detailed targets can be set for all concerned with our economic life. The White Paper looks ahead as far as practicable, but does not claim to predict the future. Because our problems are continually changing, planning must be a continuing process and this document is a first step.

The White Paper analyses the prospective employment situation. It describes the great natural attractions of Wales to new industry and ways in which the Government have increased these attractions, particularly by the inclusion of most of the Principality in the Development Area created last year. It deals with the plans for the improvement of roads and stresses the importance of applying new technology in industry, of increasing the adaptability of labour, and of encouraging tourism. It reviews the housing situation, the health and education services, what needs to be done to improve our towns, and to preserve our countryside, and the work of fostering the cultural traditions of Wales - all of which are so significant for the quality of life.
Different parts of Wales have their special problems and these are examined. The last Chapter of the document summarises and appraises the main issues.

Much of the responsibility for pursuing many of the matters discussed in the White Paper lies with local authorities, and the Government's forthcoming proposals for the reorganisation of Welsh local government will strengthen their ability to undertake this task.

The White Paper has drawn on the views of local authorities, both sides of industry, members of the University of Wales, and many others. In its preparation I have had the advantage of comments by the Welsh Economic Council, but the Council bear no share in my responsibility for the document.

The issues indicated in the White Paper must now be carried further. I hope that it will be of help to all those concerned in shaping the destiny of Wales; that it will be widely read by the public, on whose understanding and co-operation so much depends; that it will be discussed and debated; and that it will stimulate other ideas and call forth other proposals.

There are both challenges and opportunities. We are seeking ways in which the people of Wales may hope to lead fuller lives with less exposure to the chill winds which have marred so much of their history. The Government are determined that, as the economy of the nation gathers strength, a due share of its swelling resources will be devoted to the needs of Wales and of other less developed parts of the United Kingdom. Our aim must be to create a dynamic, outward-looking Wales, proud of its traditions and making its rightful contribution to the life of these Islands.

Ryw yno byth mae pob hen obeithion,
Yno mae cynnydd uchel amcanion.

Here still our ancient hopes we cherish,
Here too our noble aspirations flourish.
PART ONE - RESOURCES

CHAPTER I

THE FRAMEWORK OF CHANGE

1. The Welsh economy is today undergoing a transformation as sweeping and far reaching in scope but much faster in pace than all the changes it underwent during the First Industrial Revolution and up to the outbreak of World War One. The earlier transformation was from a predominantly agricultural economy to dependence upon two heavy industries. The first stage, which occupied the hundred years up to 1860, was based on the exploitation of limited iron ore and other mineral resources to meet demands for iron for munitions and rails. The second stage arose from a world-wide demand for coal for the rapidly developing steamships and railways, and for steel, steel sheet and tinplate for railways, construction and canning; it was made possible by the existence of vast resources of coal, and by the invention of the Bessemer and Siemens-Martin processes for the conversion of imported ores into steel. The changes now in progress are largely from these basic industries to newer industries, such as chemicals, synthetic fibres, oil refining, aircraft, motor vehicles, electrical engineering and electronics; and the increasing adoption of automation is bringing fresh challenges.

2. The first transformation made a great contribution to the balance of payments and consequent economic strength of the United Kingdom, but was accompanied by much human suffering. The Government intend that the current transformation shall be achieved with the fullest possible benefit to the people of Wales. The extent to which a changeover in employment has already taken place is roughly indicated by Table I.
Distribution of Working Population by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage of working population</th>
<th>Wales 1921</th>
<th>Wales 1961</th>
<th>England and Wales 1921</th>
<th>England and Wales 1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, etc.</td>
<td></td>
<td>9.0</td>
<td>5.9</td>
<td>6.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td></td>
<td>26.4</td>
<td>9.7</td>
<td>7.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Metal Manufacture</td>
<td></td>
<td>10.3</td>
<td>8.7</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td></td>
<td>6.7</td>
<td>19.4</td>
<td>32.0</td>
<td>33.7</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>2.5</td>
<td>7.8</td>
<td>4.2</td>
<td>6.8</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td>45.1</td>
<td>46.5</td>
<td>46.9</td>
<td>50.4</td>
</tr>
</tbody>
</table>

The two Revolutions are not peculiar to Wales: all industrial nations have had or are having similar experiences, but in Wales the problems associated with the second transformation have been exacerbated by the very success and magnitude of the first. During much of the period from 1760 to 1913 Wales was one of the boom areas of the United Kingdom. Every Welsh county increased its population up to 1841. Thereafter, while the rural areas lost to the industrial areas, the population of Wales as a whole doubled from 1.2 million in 1851 to 2.4 million in 1911. This increased population however was heavily dependent for employment on a narrow range of industries: whereas 36.7 per cent of the working population of Wales were in mining or metal manufacture in 1921, the corresponding figure for England and Wales as a whole was only 10.2 per cent.

The Years Between the Wars

When this undiversified Welsh economy, faced with changes in international demand and in technology, collapsed after the First World War, the resulting unemployment was catastrophic, and was only partially relieved by an exodus of population and by new industrial growth.
outward migration from Wales during the period 1851 to 1911 was negligible\(^1\), during the period 1921 to 1939 it averaged 25,000 per annum, and the total population in the latter year was 2,465,000, which was 272,000 below the peak reached in the mid 1920s. Industrial growth in Britain in this inter-war period was concentrated in other parts of the country. The development of electricity for motive power liberated industries from their nineteenth century dependence on coalfield areas for locations; many of the new industries producing consumer durables for the home market sprang up in London and the Midlands, where there were large concentrations of purchasing power, and existing manufacturing industries using similar techniques which offered sources of skilled labour, experienced management and entrepreneurial ability. Once a tradition of location for the newer industries was established, industrialists thinking of expansion or starting new industries increasingly played "follow-my-leader", and psychology reinforced economic advantage. Conversely, the relative disadvantages, real and imagined, of Wales and other "outer" parts of Britain became progressively more pronounced, and although Wales could offer a large pool of adaptable but unskilled workers, this was not a crucial factor at a time when labour was everywhere plentiful.

5. Although measures taken by the Government in the 1930's succeeded in bringing some new industries into South Wales, their scale was altogether inadequate to the need, and it required the challenge of war to bring about the full utilisation of Welsh labour. This labour, coupled with the strategic advantages of dispersal of war production, led to the building in Wales between 1939 and 1943 of large ordnance factories, the introduction of new industries engaged in defence work, and increased demands on existing essential industries. By 1943 unemployment was virtually eliminated and Wales was making a substantial contribution to the needs of the nation.

Post-War Reconstruction

6. With the end of the War, the Government assisted the conversion of the Welsh economy to a peacetime basis. The wartime factories, with their experienced labour, were converted and reallocated to new industrial tenants. Large firms with specialised requirements were persuaded to build other new factories, and privately owned existing premises (ranging from dance halls to disused schools) were pressed into the service of new industry. In South Wales, factories for renting were built with Government finance where sites acceptable to industrialists were available. By 1955 the first phase of post-war reconstruction was complete. Hundreds of enterprises had been set up and were working successfully; the nationalised coal industry was engaged in an ambitious programme of developing the Welsh collieries and coal reserves; while the steel and tinplate industry was well advanced with a major redevelopment programme in West South Wales, replacing the older works by modern plants. By this date, the population of Wales had increased to 2,603,000; the estimated employee population was 948,000, nearly a third of whom were engaged in manufacturing, compared with less than a quarter in 1938; and the rate of unemployment had fallen below 2 per cent. A pointer to the progress made is the estimate of a group of economists headed by Professor Edward Nevin at University College, Aberystwyth (1), that the gross national product of Wales grew by 68 per cent between 1948 and 1954 compared with the equivalent increase in the United Kingdom of 51 per cent. For manufacturing industry, this is supported by the Census of Production for 1948 and 1954.

The Last Decade

7. Despite this progress, the problems of the economy had not been wholly solved. Although the traditional extractive industries were now accounting for less than a fifth of total employment compared with almost a third in 1938, and although

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their labour continued to fall, coal mining and agriculture still employed a high proportion of the working population. As the new steel and tinplate plants in West South Wales came into production, the older works closed, releasing by 1958 some 8,000-9,000 workers. The release of labour from agriculture due to increasing productivity affected the extensive rural areas of Wales, where some localities also suffered from reduced activity in other traditional industries, such as slate in parts of North Wales and fishing and ship repairing at Milford Haven. Efforts to balance these changes by encouraging new industrial development achieved some success, although during the late 1950's and early 1960's the Government were giving greater priority to the needs of other areas, particularly Scotland and the North-East of England, which were then more pressing. Several of the newer, growing industries were established in South Wales and a large integrated steelworks was built, at Llanwern east of Newport. In the rural areas small industries were fostered in a number of the towns and in South Pembrokeshire the oil industry began its large refinery developments around Milford Haven. In the second post-war decade, Wales was not able to do better than to hold the place in relation to England which it had reached by 1954: the Nevin study estimated that between 1954 and 1964 theross national product per head of population increased by the same amount in Wales as in the United Kingdom.

8. In 1965 and 1966 the Government took further steps to foster economic expansion in Wales. The new post of Secretary of State for Wales was created as an earnest of the importance which the Government attached to economic expansion in Wales and in order to strengthen the means by which all the interests of Wales are taken fully into account by the Government.
The Development Districts created under the Local Employment Act 1960 were greatly extended until in August 1966 the whole of Wales, except for parts of the South-East and the North-East, became a single Development Area; but because of the time needed to build new factories, the efforts of the last two years have not yet had time to bear full fruit.
9. The great problem inherited from the past is that the level of economic activity is still too low to make full use of the resources available in Wales. This is shown by the relatively high level of unemployment and the relatively low activity rates (i.e. the number of employees expressed as a proportion of the population over 15), particularly among women. A serious feature of the history of the last decade is that the number of men in employment has declined; for them, the big increases in manufacturing, construction and service industries did not offset the decline in extractive industries.

10. The low level of activity is reflected in the low level of personal incomes in Wales as compared with Great Britain. The Inland Revenue Survey of Incomes for 1964-65 (Cmd. 3200) shows that the difference in average personal income is about 7 per cent.

11. The comparative weakness of the Welsh economy is reflected also in the flows of Government expenditure. Government revenue from taxes on personal incomes in Wales was low. The Nevin study, which brings together estimates of Government expenditure, suggests that grants by the Central Government to persons and to local authorities in Wales, which amounted to £294 million and £58 million respectively in 1962, were 12 per cent and 37 per cent higher per head of population than in the United Kingdom, and together were some £30 million higher than they would have been if Wales had received the national average level of payment. The high level of Government grants to local authorities per head of population reflect in part the higher level of per capita expenditure by Welsh local authorities, due to the small and scattered populations of many
of their areas and the resulting high cost per head of providing schools, roads and other services. It also reflects the lower levels of local authority receipts from rates and trading income. The study shows however that the rate of capital formation in Wales has been very high (perhaps a quarter higher per head of population in 1958-62 than in the United Kingdom as a whole), as a result of the heavy investment in steel, oil, coal, chemicals, nuclear and conventional power stations and new manufacturing capacity, which has been financed by a large net inflow of capital to Wales from outside.

12. At the same time, according to the estimates in the Nevin study, the gross domestic product per person employed was in 1964 some 5½ per cent higher in Wales than in the United Kingdom. In manufacturing industry output per person employed was considerably higher in Wales than in Great Britain as a whole, according to the latest available Census of Production data. The difference is partly due to the strong representation in Wales of capital-intensive industries, notably steel, and also to output per person being considerably higher in Wales than in Britain as a whole in the metal manufacture and textile industries. The high net output in the Welsh textile industries is due mainly to its consisting mainly of the manufacture of synthetic fibres, with its capital-intensive processes.

The Objective

15. The structure of the Welsh economy results in a low percentage of employees in the total population and low incomes for the self-employed, who are mainly small farmers and shopkeepers. To strengthen the Welsh economy, more industrial and other development is needed so that fuller use can be made of the available labour. This means, not only wider opportunities to work for those not now in any employment, but also a greater choice of employment in better paid jobs for people who are at present engaged in the relatively lowly-paid
sectors. It will be to the advantage of the whole national economy as well as to the advantage of Wales itself that the effort needed to secure this development is made. The national economy will benefit from the extra output resulting directly from new industries, and from the extra demand for goods and services indirectly generated by their operation. A more uniform distribution of employment throughout Britain will make it easier to run the whole economy at a high level of activity, while avoiding excessive pressure on resources in congested areas.

14. Ways in which Wales can advance towards this objective are indicated in the Chapters which follow. This endeavour can be confidently based on the substantial natural advantages described in Chapter II, and will be reinforced by the actions of the Government. The situation varies widely in the different parts of Wales: there are several challenging issues, and the resources available must be deployed in the most advantageous manner overall. The policies of the Government, which are explained below, will receive constant reappraisal as the future unfolds and as experience shows in what respects they demand adjustment and development.
CHAPTER II
NATURAL RESOURCES

15. Wales has important natural advantages which have, as in the case of mineral deposits, profoundly influenced its economic development. As technology advances, as some markets grow and others contract, as richer mineral deposits are worked out and as new transport facilities are developed, the value of some of these advantages may decline and that of others grow. So, a fresh look must continually be taken at the best use to be made of resources in modern conditions.

Accessibility

16. For their successful conduct, industries need ready access to large and growing markets and to sources of materials and components. In these respects Wales has been handicapped in the past by its inadequate communications with other parts of Britain; and to a lesser extent because, with little more than 5 per cent of the national population and a below-average level of income, it has by itself offered a market which was both restricted and dispersed.

17. There are two powerful factors which are now breaking down the old barriers of inaccessibility. One is the increasing congestion in the main centres in Britain as population continues to grow. According to recent estimates the population of Britain may grow by around 20 million or nearly two-fifths by the end of the century; and the resulting pressure makes less densely-populated and not-too-distant areas like Wales more attractive as places of work as well as of residence. The other factor is the improvement of communications. Progress towards the completion of the London-South Wales motorway (M4), including the new Severn road bridge, the new road links with the Midlands and the North via the M5 and M50, and the improved speed and efficiency of the main British Rail services, particularly the faster inter-city passenger services and the new block and liner trains for the movement of commodities, are reducing the effective distance between Welsh industrial areas and those of England.
For Wales, these mean quicker and more efficient links with the main British markets and better access to the markets of Europe and the world.

18. Newport, Swansea, Barry, Port Talbot, Cardiff, Fishguard and Holyhead have extensive port installations which are being modernised, and Milford Haven has natural deep water access. Nationally, such facilities are scarce. Milford Haven is indeed one of the outstanding physiographic assets of Wales and of Britain in its ability to handle large ships used for transporting bulk cargoes. Its advantages have already encouraged four oil companies to locate either their refineries or pipe-line terminals there, and further developments can be expected.

19. Map 1 shows how Wales is placed in relation to the large industrial and population centres of the Midlands, Merseyside and South-East England. Distances will be further reduced in terms of time and convenience as transport links continue to be improved and this will reinforce the incentive for industry and population to grow in Wales, as the pressure of population elsewhere in Britain increases and as the special inducements available in the Welsh Development Area are increasingly appreciated.

Land for Development

20. Wales has plenty of land suitable for new urban and industrial development. Over its total area of some 9,000
square miles, the gross population density is only 0.5 persons per acre, compared with 0.9 persons per acre in Great Britain. Moreover, although 80 per cent of the population live in 28 per cent of the total area, and some redevelopment is necessary in these more populous parts of Wales, there is even there no serious problem of excessive density or land shortage. In the remainder of Wales the gross density of population is only 0.1 persons per acre; and, although much of this consists of land at too high an elevation or otherwise unsuitable for urban development, there still remain considerable tracts of country where substantial urban and industrial development could take place. These are for the most part found along the wide coastal belt of South Wales, in the North-East, the South-West, and in Anglesey and some parts of Central Wales; although it is also in these areas that the best agricultural land is found, and the need to preserve this must be weighed against other factors in deciding where development should take place. Many other areas also suitable for smaller-scale development. There are ample reserves of land suitable for industrial use in places where labour and basic services are available, as well as access to ports and markets.

Land for Agriculture and Forestry

21. Compared with some other parts of Britain and Europe, the greater part of Wales, because of its relief and climate, is unsuitable for the production of cereals, fruit and flowers. It is much better placed to grow grass and this is why its agriculture is concentrated on grass-fed milk and meat, both of which are high-quality products for which demand should continue to grow. Some parts of Wales, in particular Gower and Pembrokeshire, are also suitable for the production of vegetables such as early potatoes.

22. Large areas of the uplands of Wales are well suited to afforestation, offering a long growing season and an ability
to produce good-quality conifers relatively quickly. Other land of limited agricultural value is likely to be available for tree planting. The forests, both public and private, provide readily marketable products and limited but much-needed opportunities for alternative employment in rural Wales. Indirectly, they can further assist the economy and employment by enhancing the recreational attractions of the countryside.

Minerals

23. Though less important than in the past, and unlikely again to provide the basis for a big expansion of the Welsh economy, mineral resources will remain of great significance. The market for coal has declined but the remaining reserves in South Wales, especially of coking and high quality smokeless fuel (anthracite and dry steam) will continue to be valuable assets to the Welsh economy, provided productivity can be so increased as to maintain coal prices at fully competitive levels. Among other minerals still being worked, the demand for slate, granite and clay is expected to be maintained at about its present level and that for limestone, sand and gravel to continue to increase. There is also renewed interest in mining some of the rarer minerals, such as copper and lead, which have been worked in Wales in the past.

Water

24. Because of its topography and the high average rainfall over much of the country Wales has important resources of water. The development and control of these resources can bring particular benefit to Wales as well as to other parts of Britain. The growing demand for water for domestic and industrial purposes is such that areas with ready access to ample supplies have a significant locational advantage, particularly for those
industries needing large amounts. The construction of a modern reservoir can often be combined with improvements to existing local roads, the creation of new scenic roads, the provision of camping or car parks and picnic areas, fishing and boating facilities and other recreational and tourist attractions. The control of water run-off can help to reduce the risk of serious flooding to which many Welsh valleys are subject. Thus, developed in an imaginative way, after careful and sympathetic consideration of all the conflicting issues affecting each project, water resources can be made to serve a wide range of purposes and afford new opportunities for economic advance in localities which most need them.

Amenity Resources

25. Most parts of Wales have fine stretches of coastline or inland scenic features such as hills, mountains, scarped ridges, woods, high moorlands, rivers and lakes which have already made them attractive to many discriminating visitors and holiday-makers. Much of the best landscape is protected by the National Parks legislation and there is scope for the designation of further areas. A wide variety of recreational demands is catered for by the many holiday resorts around the lengthy coast-line, and by facilities for self-catering holidays and for enjoying pursuits such as sailing, fishing and pony-trekking; while historical sites, including one of the greatest chains of mediaeval castles in the world, attract other holiday makers. These resources, located so near big population centres in an age when mobility is being greatly increased by the growth of car ownership, should make Wales an increasingly important recreation area.

26. The value of these amenities lies partly in the inducement they give to industrialists and to individuals to move to, or stay in, Wales and partly in the opportunities they present for the development of tourism. Local amenities influence industrialists seeking new locations and draw people
to live near them for their working careers as well as for 
retirement and for week-end residence. Tourism is already one 
of the main industries, and the potential is there for big 
expansion.

Conclusion

27. In the past, the form and location of economic 
growth in Wales were conditioned by its mineral resources and 
low energy prices. In future, economic progress should be 
increasingly influenced by its growing accessibility in 
relation to the big and fast-growing populations in the 
congested areas of Britain, by its reserves of labour, its 
water supplies, its facilities for landing imports of raw 
materials, its reserves of land for urban and industrial 
development, and its scenic and recreational attractions.
As has been said in Chapter II, Wales is rich in water resources which can be harnessed to the needs of the whole community, both in the Principality and outside it. Just how this should be done is a matter of great concern. The governing considerations are the need to safeguard legitimate amenity and agricultural interests, while developing the resources available for the benefit of Wales as well as of neighbouring parts of England. Water resources are already used to satisfy heavy demands from consumers in and outside Wales and in the generation of electricity, and there is a growing appreciation of their value for recreation and in attracting tourists. In some areas rivers are liable to cause distress and damage through flooding, and works are needed to limit this as well as to provide water supplies. The reverse side of the coin is that major water conservation works can hardly ever be carried out without causing disturbance in the localities concerned. The importance of a comprehensive approach to surface water
development is evident. The Government's aim is to ensure that the water resources of Wales are used and controlled to the widest public benefit, and with the fullest safeguards for Welsh interests.

Availability

29. There is ample water to meet all foreseeable Welsh needs for a very long time ahead. In 1961 the Welsh Advisory Water Committee reported that, after making an allowance of some 1,000 million gallons a day for use in Wales (about six times the present consumption of public supplies in Wales), the available surplus, according to the system of development adopted, would amount to between 235 and 300 million gallons a day. This estimate assumed the use only of reservoir sites to which no more than a moderate degree of objection might be raised on technical, financial, agricultural and sociological grounds. These abundant resources will be of considerable advantage in meeting the rising needs of the population and the demands of new and expanding industry. They may also prove particularly attractive to firms which use large quantities of water in their industrial processes. To fulfil all requirements, however, it is necessary to carry out works to ensure that the water will be available in adequate quantity in the areas where it is needed.

Methods of Development

30. Daily consumption of water does not vary greatly, but surface run-off fluctuates according to rainfall, and storage is necessary to even out these fluctuations. Because of the nature of geological strata in Wales, underground storage can play only a minor role. Estuarial barrages could bring advantages, in making available for public use.
the full resources of rivers and in serving highway, recreational and other purposes; but they present many problems requiring extensive investigation. The only method of obtaining substantial additional supplies not necessarily involving major storage facilities is the de-salting of sea water; but, although recent research is encouraging, desalination is unlikely to make a significant contribution to water resources for many years. For countries like Britain with a good rainfall, the cost of production is likely at present to be very high as compared with that from natural sources; and, as with estuarial barrages, the water would have to be pumped considerable distances, thus adding appreciably to distribution costs. Thus for a long time ahead, the construction of further surface storage reservoirs will be inevitable.

31. The form of storage reservoir recommended by the Welsh Advisory Water Committee in their 1961 report, and that now widely favoured, is the regulating reservoir. This system of control enables some of the surplus run-off during spells of heavy rainfall to be stored and released in drier periods, thus ensuring a minimum river flow sufficient to satisfy all needs: it could also help to alleviate flooding in some areas. Because the water is not taken directly into supply, access to regulating reservoirs and activities in save in exceptional circumstances, the gathering grounds need not be restricted and they are potential centres for water sports and recreation. It is expected that future large-scale demands on water resources in Wales will be met by the construction of regulating reservoirs. These will normally be sited in upland areas on rivers flowing through or towards areas where water is required, thus permitting local abstraction as needs arise.
32. The use of regulating reservoirs to facilitate abstraction outside Wales is not a policy to export water. The water released from the reservoir is that which, in the absence of regulation, would have flowed naturally down the river and thus, over a period, the aggregate flow of water out of Wales is not changed by the construction of the reservoir.

Future Demand and Supply

33. Consumption of public water supplies in Wales, now totalling about 180 million gallons a day, has been rising steadily. Over the past five years the rate of growth of demand has varied from about 3 per cent per annum in parts of industrial South Wales to over 10 per cent in many rural areas. There are also private industrial and agricultural abstractions, now in process of registration under the Water Resources Act 1963, which have been estimated to use about 350 million gallons a day, of which some two-thirds is used for electricity generation. The annual growth of these industrial demands can be expected to be about 3 per cent, but much of the water so used is returned to rivers and is available for re-use.

34. In planning to meet future needs, it is necessary to look well ahead because waterworks are costly and take several years to design and construct; and surveys of resources and future demands are now being made by all river authorities, in pursuance of their statutory duty. In particular areas the position is as follows:

(a) In South Wales, current demand on public supply sources is about 135 million gallons a day, as against their reliable yield of 152 million gallons a day, and this demand is expected to grow to about 235 million gallons a day in fifteen years time. Additional works
are needed to meet this. Proposals under consideration are the phased development of a major regulating reservoir on the upper reaches of the River Towy to give an ultimate yield of 110 million gallons per day for the benefit of West Glamorgan and Carmarthenshire; and the conversion of the existing impounding reservoirs on the Usk and Cray to regulating reservoirs capable of providing an additional 28 million gallons per day for abstraction from the Usk. Even so, another major regulating reservoir will probably be needed somewhere in the Usk catchment.

(b) In Pembrokeshire, consumption, now some 8 million gallons a day, is expected to increase by about 12 million gallons a day in the next fifteen years. Construction of a regulating reservoir on the Eastern Cleddau will start in 1967. The first phase will make available an additional 13.5 million gallons a day by 1970 and raising the height of the dam could provide a further 10 million gallons a day.

(c) The expected growth of demand in the catchment of the River Severn and populous areas nearby will make it necessary to depend increasingly on this river for supplies. The new Clywedog regulating reservoir will sustain additional abstractions at various points of some 100 million gallons per day by the Montgomeryshire Water Board, ten English water supply undertakings and the Central Electricity Generating Board. Since this is unlikely to be sufficient for more than a few years ahead, the possibilities of further regulation of the Severn are being investigated. The Welsh Committee of the Water Resources Board have been asked to report on "the lines along which the water resources of the Welsh part of the Severn Basin should be developed, having regard to (i) the likely demand for water from this source up to about 1990, and (ii) the need to utilise those assets in the interests of the area itself, as well as outside
consumers, through making abundant supplies of water available for incoming industries and population, the improvement of amenities, the promotion of tourism and the alleviation of flooding*. The Severn River Authority, in association with the Welsh Committee, have commissioned a survey of possible sites for regulating reservoirs to meet demands on the Severn, which in fifteen years time may amount to 200 million gallons a day additional to what is available from existing resources including the Clywedog reservoir.

c) In Flintshire and Denbighshire, there is a narrow margin between reliable yields and the current consumption of about 16 million gallons a day. It seems likely that in fifteen years the demand here will increase by about 20 million gallons a day. Consumers in England relying on the Dee catchment for supplies will also require more water. Possibilities under preliminary consideration include the greater use in Wales of water from the Alwen reservoir and aqueduct, at present owned by the Wirral Water Board, regulating reservoirs in the Dee and Clwyd catchments and the construction of a fresh-water reservoir in the Dee estuary in connection with a road crossing.

Rural Supplies

Apart from these major developments, it is necessary to press ahead with schemes to provide piped water supplies in Welsh rural areas and considerable progress has already been made. At the end of the last War it was estimated that more than 80,000 (42 per cent) of the properties in rural districts of Wales lacked a piped supply. This figure has now been reduced to some 20,000 properties (8 per cent). About £22 million has been spent on rural water schemes since 1945, schemes costing £16 million having attracted Government grants.
of £7½ million. It is expected that within the next five years about 95 per cent of properties in the rural areas will have a piped water supply.

Investment

36. In the five years ending in April 1967, capital expenditure by Welsh statutory water undertakers averaged about £4 million a year. As a result of major schemes now contemplated their rate of capital investment is likely to increase within a few years to £10 million a year. This will mean significant expenditure in Wales, and of benefit to Wales.

Safeguarding other Interests

37. The Government are deeply concerned to ensure that development of water supplies in Wales is carried out under the most stringent safeguards for the interests of Wales and those of the localities immediately affected. Major new works are essential to meet growing demands for water on both sides of the border. It is probable that these can be constructed without disturbance to communities or any serious effects on agriculture, amenity and other interests; but all these considerations will be closely scrutinised before proposals are finalised. The Government will introduce legislation providing for the compensation payable to tenant farmers displaced for non-agricultural purposes to be raised to a minimum of five years' rent. The detailed surveys which are being conducted and the further extensive inquiries which will be held will reveal the social advantages and disadvantages of water schemes. Where conflicting interests emerge, as they often do, the Government will scrupulously watch over the welfare of people in Wales.

Flooding

38. Flooding is caused in Wales from time to time by heavy rainfall on saturated, or in some cases frozen and snow covered, ground. Land, villages and towns in the natural flood plains of Welsh rivers have in consequence been invaded by fast flowing flood waters several feet in depth. On some occasions damage to property has been extensive and severe. The most recent serious floods took place in December of the
years 1960, 1964 and 1965 when the valleys of the Severn, Taff, Conway, Dee, Dovey and Ystwyth were most affected. Each year there is a risk of some overspill from the naturally
formed river channels, but the available records suggest that
the series of heavy inundations in 1960-65 represented an above
average incidence of floods of this size.

39. The responsibility for initiating, preparing and
carrying out works for the alleviation of flooding rests with
river authorities, internal drainage boards and local
authorities. The cost is met partly by the rates and partly
by Government grants. The Government's policy is to encourage
and assist the responsible authorities to examine their flood
problems and to carry out works of alleviation or prevention
where the cost can be justified.

40. While it would not be sensible
to spend millions of pounds to safeguard property worth
thousands, the question is rarely as simple as this, particularly
when flooding could endanger human life. Regulating reservoirs
constructed for water supply purposes can help but do not by
themselves normally provide a full solution. Where they can help,
they will be so used, but the main attack on the problem in the
years immediately ahead is likely to be through
channelling and other works in the lower river reaches.
Considerable sums are being spent on these works. Expenditure
in Wales on land drainage (including flood prevention) has in
recent years been running at over £200,000 a year, including
maintenance and administrative costs, over £300,000 of this
being for new works or works of improvement which earn
Government grants. Since the end of 1960, over 90 drainage
improvement schemes have been approved for grant aid at an
estimated cost of £2.75 million, and at current rates grant on
this expenditure amounts to about £1.9 million. The river
authorities plan to increase their expenditure on flood
prevention, and the Government will continue to encourage them
to press ahead with sound schemes.
41. The way in which centres of population and industry in Wales are positioned in relation to each other and to similar centres in England, the size and difficult nature of much of the country, and the low density of population in rural Wales, make of great moment the provision and maintenance of adequate communications. This Chapter will first describe the progress already achieved in the construction of roads in the Principality and the manner in which it is proposed to implement in the future plans for a great improvement in the existing network. It will then turn to the railways, ports and air communications.
ROADS

42. Good roads are one of the keys to the future prosperity of Wales. The Government attach great importance to the development of the main routes connecting Welsh industry and ports with centres of population and industry in England, as well as to the provision of adequate communications between points inside Wales.

43. The Government, through the Welsh Office, are solely responsible for the trunk road network in Wales, which consists of 1,000 miles of main through routes. Local authorities are responsible for the other roads. For those designated as principal roads, totalling some 1,500 miles, the Welsh Office provide, by way of specific grant, 75 per cent of the cost of construction and improvement. In maintaining such roads, and for all work done by them on the remaining roads, local authorities are assisted by the Government’s rate support grant.

44. In planning a road programme for Wales account must be taken of the main directions in which traffic wishes and will wish to move, of the present and prospective volumes of traffic, and of the character of the topography. Steep mountain sides and narrow valleys restrict the choice of route for major highways and make the construction of wide roads singularly expensive, since it is often necessary to dig into the mountainside or to support roads on viaducts. Sometimes topographical features make it impossible to provide roads of desirable standards.

Improvements already made

45. Since the last War road communications have been improved in all parts of Wales, though a great deal remains to be done. The major improvements in trunk roads in existence, in progress or in prospect are shown on Map 2. The most striking improvements already made have been in industrial
South Wales, where there is nearly three-quarters of the population of Wales. Along the main west-east route major improvements with dual carriageways made in recent years comprise the Neath By-pass; the Port Talbot By-pass, which was the first full urban motorway to be completed in Britain; the Stormy Down widening; the Cowbridge By-pass; the length of the M4 motorway from a point west of Newport to the Severn Bridge; and the Severn Bridge itself, which reduces the road distance to the West of England by some 50 miles and gives a new unity to the Severnside area. The completion of the Heads of the Valleys road has greatly improved communications between the Swansea area and the Midlands, and has opened up to potential development the northern parts of the Monmouthshire and Glamorgan valleys. Substantial progress has been made in the construction of a new dual carriageway road, of near motorway standard, between Newport and Ross, where it connects with the M50 Ross Spur motorway leading to M5; this major new route may well mean as much to the future prosperity of South Wales as the M4 and the Severn Bridge. In North Wales, there have been major improvements on the main through route, including the Penycoed Improvement, the new Conway Bridge, the widening at Llandulas on A55, the Aston Hill and Ewloe Diversion and the Queensferry By-pass on A494.

The Programme for Trunk Roads

The programme of construction now in progress, or planned for the period up to the early 1970's, includes further major schemes in both South and North Wales. On the main east-west route in the south, the most serious remaining bottleneck is Cardiff itself; congestion here will be partly relieved by the construction of Eastern Avenue, which is expected to begin late in 1967. Further to the west, the programme includes a by-pass at Morriston and the third and final section of the Carmarthen diversion.
south-north trunk road between Cardiff and Merthyr Tydfil, possibly the most overloaded road in Wales, is programmed for early improvement as far as Abercynon; and work on an extension of the Manor Way dual carriageway, to carry it northwards to Nantgarw, will begin in 1968. The western end of the new Heads of the Valleys road will benefit from a by-pass at Glyn-Neath, and from a new road linking Aberdulais with the Neath By-pass at Llandarcy. The programme includes the remaining stages of the important new road between Newport and Ross. These schemes will considerably speed up road communications both within South Wales and with the main centres of population in England, where the remaining sections of the M.4 motorway between the Severn Bridge and London should be completed by 1971.

47. In North Wales, further major work now under construction on the A.55 includes the Llandudno Junction Fly-over, the Llanddulas diversion and Abergale By-pass, and a widening to dual carriageways between Tai'r Meibion and Aber; and the St. Asaph By-pass is planned to start in 1967. Elsewhere in North Wales the main programmed scheme is the Wrexham By-pass on A.483. These schemes will help to relieve further the acute traffic congestion in North Wales, chiefly experienced in the summer months, and to meet the needs of new development there. In Wales as a whole, the schemes in the present programme will increase the mileage of dual carriageway roads to 120 miles. Improvements on a smaller scale to other trunk roads of importance to the more sparsely populated areas which they serve will be made at many places throughout Wales.

Principal Roads

48. Many improvements have also been carried out, and many more are in progress and programmed, on principal roads for which local authorities are responsible. The most notable examples of what has been done are, at Newport, the George Street Bridge and its approach roads which gave a second road
crossing of the River Usk, and the Ringland Way industrial road between A.48 at Coldra and Corporation Road; at Swansea, the east side approach road linking the town with A.48 near Briton Ferry; the Pontypridd Town Centre Diversion (A.4056); and the Bridgend Inner By-pass. The more important schemes now in progress include the Llantrisant By-pass (A.4119), the reconstruction of the bridge carrying Penarth Road (A.4160) over the River Taff at Cardiff, the improvement along the canal between Crumlin and Pant Bridge (A.467) in Monmouthshire and the Bagillt By-pass (A.548) on the Rhyl-Chester road in Flintshire. Noteworthy schemes which are programmed for an early start are the Abercraf-Oxllwyn link road in Breconshire, a new road in Cardiff to link Eastern Avenue with A.48 at Rumney Bridge, the widening of Newport Road A.46 in Cardiff, and the construction of a new approach road to Porthcawl (A.4106).

Cost of Works in Progress or Programmed

The estimated cost of the schemes in progress or programmed is £49 million for trunk roads and £15 million for principal roads. Their completion will mean a considerable improvement in the road communications of Wales by the early 1970's, though the expected growth in traffic will, as in England, present a continuing problem.

Further Plans for the 1970's

The programme for the 1970's will have five main objectives:-

(a) Schemes will be prepared to remove as many as possible of the existing serious points of congestion and delay on the trunk roads which provide the main industrial and tourist routes. Regard will be had to the expected growth of traffic as industry and tourism are developed, and to the effect of rail closures.

(b) There will be a steady programme designed to bring other lengths of existing narrow and tortuous trunk roads, which are to be found in all parts of Wales, up to the highest practical standard. These roads often have a carriageway no more than 16 feet
wide, and will wherever possible be widened to at least 24 feet and improved in other ways to give better visibility, less severe curves, and easier gradients. In this way all parts of Wales should experience a substantial improvement in main communications. Foreseeable traffic on some of the trunk roads in Mid and West Wales cannot justify the provision of dual carriageways on them; but with the improvements the Government have in mind, traffic should be able to proceed safely at a reasonable speed.

(c) The Government will continue to make grants to local authorities for the improvement of their principal roads, which play an important part in Welsh communications.

(d) There will be a programme designed to improve the standard of urban roads, particularly in the larger towns, where the problems of congestion are likely to be greatest. It will not be practicable to remove all bottlenecks here and a compromise will have to be found between the needs of traffic and of local environment. A substantial contribution to the freeing of the flow of traffic will have to be made by imaginative schemes of traffic management.

(e) It will be necessary to carry out schemes required to improve communications to new industrial or population growth points where special considerations affecting traffic growth and road needs arise. This will not in itself require many new roads additional to those already planned but, beyond the existing programme, it may be necessary to bring forward the timing of some schemes and to provide roads to a higher standard than would be
justified merely on the basis of normal traffic increases. An example of one new road that is required is one from the present termination of the M.4 Motorway to the Bridgend area, referred to in paragraph 53(b) below. This would serve a useful purpose in providing an outer by-pass to Cardiff, in relieving congestion on
the A.48 road between Cardiff and Bridgend, and in speeding up communications with West South Wales. It would also be needed to serve major residential and industrial development at Llantrisant.

51. It will be necessary for the Welsh Office to plan this programme in such a way as to have a measure of flexibility in deciding which works are to be undertaken from year to year, both to meet changes in actual need which unforeseeable events will no doubt bring and to match the resources which can be devoted to highway improvements. There will therefore be a two-stage procedure. First, a pool of schemes will be prepared to the point where the necessary statutory procedures have been completed, the land to be acquired has been accurately defined, and their costs and likely benefits can be more precisely assessed. Then, on the basis of this information schemes will be drawn from the pool into the firm programme as they can be undertaken.

52. The Secretary of State for Wales has already announced the first major trunk and principal road schemes in the pool. These are:

(a) North Wales

<table>
<thead>
<tr>
<th>Trunk roads</th>
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<tbody>
<tr>
<td>(i) A.55 Diversion east of Abergale in Denbighshire.</td>
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<td>(ii) A.550 Queensferry By-pass to Cheshire County Boundary, Flintshire.</td>
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<th>Principal roads</th>
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<tr>
<td>(iii) A.541 Mold By-pass and Llong Crossing.</td>
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(b) South Wales

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<th>Trunk roads</th>
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<tr>
<td>(iv) A.48 Fyle By-pass in Glamorgan.</td>
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<tr>
<td>(v) A.48 Improvement in West Cardiff.</td>
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<tr>
<td>(vi) A.465 Aberdulais-Llandarcy new road.</td>
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<tr>
<td>(vii) A.4042 Llantrinam By-pass.</td>
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<tr>
<td>(viii) A.4076 Haverfordwest Southern By-pass in Pembrokeshire.</td>
</tr>
</tbody>
</table>
Principal roads

(ix) A.48/A.4042 Old Green Crossing Roundabout and Underpass at Newport.

(x) A.467 Newport-Brynmawr Road: improvement from Pant Bridge at Newbridge to Abercarn.

(xi) Cardiff First priority schemes in the redevelopment of the central area of the City.

The present estimated cost of these schemes, together with smaller schemes in the pool, is £19 million for trunk roads and £8 million for principal roads.

53. Looking yet further ahead, the objective, as seen at present, will be to implement the following broad programme for trunk roads—

South Wales

(a) providing dual carriageways along most of the A.48/A.40 road as far west as St. Clears;
(b) a new road from the existing end of the M.4 Motorway to the Bridgend area, providing an outer by-pass to Cardiff;
(c) completing the new road between Raglan and Neath via the Heads of the Valleys road;
(d) providing substantial lengths of dual carriageway on the A.40 road between Abergavenny and Carmarthen via Brecon;
(e) completing the dualling of the Cardiff-Merthyr road A.470;
(f) further improving the Newport-Abergavenny road A.4042;

North Wales

(g) providing dual carriageways along the A.55 road from Chester to Bangor;
(h) constructing by-passes and lengths of dual carriageway on the A.5/A.483 Swansea-Manchester trunk road from Chirk to the Welsh boundary with Cheshire;
(i) constructing by-passes and lengths of dual carriageway on the A.5 road westwards from its junction with A.483 to Holyhead;
(i) constructing by-passes and lengths of dual
carriageway on the A.494 Dolgellau-Queensferry Road.

54. In addition substantial road widening, generally not
to dual carriageway standards, and other improvements are planned;
in South Wales, on the A.40 road west of St. Clears, the A.4.77 road
between St. Clears and the south of Milford Haven, the A.4.076
Haverfordwest-Milford Haven road, and the A.4.63 Pontardulais-
Ammanford-Llanedeylo road; and in Mid and North Wales, on the A.4.87
Haverfordwest-Bangor road, the A.4.83/A.4.4 Shrewsbury-Aberystwyth
road, and the South-North Wales trunk road and associated link roads,
including by-passes at Newbridge in Radnorshire and Llanrwst in
Denbighshire.

55. The estimated cost of all these works is about
£200 million. In bringing schemes first into the preparation pool
and then into the firm programme, priority will be given in
North Wales to the improvement of the more important sections of the
A.55 coast road and of the Swansea-Manchester trunk road A.5/A.4.83
from Chirk to the Welsh boundary with Cheshire. In South Wales
the question of priorities is more complex. The most important
single objective is the provision of a new road between the present
termination of the M.4 Motorway at Newport and the Bridgend area.
Whilst it is clear in principle that such a new road will be
needed, problems arise on the timing and phasing of its construction,
particularly in relation to improvements that are also needed to
the western approaches of Cardiff. Subject to that, priority
will be given to the more important sections of the A.4.8, the
A.4.0.2 Newport-Abergavenny road and the eastern and western
extensions of the Heads of the Valleys Road. In Mid-Wales
priority will be given to the improvement of the Aberystwyth-
Shrewsbury road, the Brecon-Llangurig road and sections of the
Haverfordwest-Bangor road.

56. It is not at present possible to indicate in a
comparable way the further improvements to principal roads
which may be undertaken in the 1970's, as these are the
responsibility of local authorities; but the construction by the
Pembrokeshire County Council of a toll bridge across Milford Haven to replace the existing unsatisfactory ferry is at an advanced stage of preparation. Although schemes will be carried out in all parts of Wales, the emphasis is likely to be on urban schemes within the major towns, where improved principal roads will be required to meet traffic demands forecast by the urban transportation and planning surveys which are being carried out at several places.
57. In the last fifteen years there has been a substantial reduction of the network of railway services in Wales, as in the rest of Britain. Throughout this period, under growing competition from road transport, there has been a very sharp decline in the proportion of the passenger and freight traffic in Britain carried by rail; and the financial loss on the railways, with their high fixed costs, has risen so steeply as to make inevitable a drastic pruning of seriously unremunerative lines and services. The railways have aimed to achieve a financial balance by concentrating attention and investment on the traffic for which they are best suited.

58. Following a fundamental review of railway policy, the Government have decided that wider considerations than the test of financial viability alone should apply; and that the future pattern of the railway system must be related to the country's economic, social and overall transport needs. While it must still be the aim to operate all services economically, any deficit on passenger services maintained because of their social necessity should be borne by the community. The Government and the Railways Board have set up joint machinery to consider the long-term future financial prospects of the Board; to examine the organisation of the railways; and to devise means of identifying and costing unremunerative passenger services, so that the Government can decide which of these should be grant-aided on broad social and economic grounds. Legislation will then be introduced to provide a new financial framework for the operation of the railways.

59. In the light of this policy, the Government, in consultation with the Welsh Economic Council and other Economic Planning Councils, have determined the size and shape of the basic railway network required to meet both commercial and social needs. For Wales this comprises, apart from short lines...
to be developed for freight only, the following routes to serve both passenger and freight traffic or passengers only:

(i) Chester to Holyhead (with branches to Llandudno, Caernarvon and Blaenau Ffestiniog);

(ii) Shrewsbury to Aberystwyth;

(iii) Newport to Shrewsbury;

(iv) The Severn Tunnel to Fishguard and Milford Haven (with branches to Barry, Penarth, Rhymney, Merthyr and Treherbert).

The designation of this basic network does not prejudge the future of passenger services on any existing lines not included in this list, decisions on each of which will continue to be reached under the established procedure, including full consultation with the Welsh Economic Council.

60. The modernisation and improvement of the continuing railway network in Wales is being pressed ahead. Considerable progress has already been made in replacing obsolete rolling stock, in modernising track, signalling and other equipment and in rationalising the arrangements for goods traffic. These improvements have led to marked advances in the speed, comfort and safety of main line passenger services between London and North and South Wales, although travel by rail by passengers between North and South Wales is inconvenient. There has also been an improvement in the efficiency of freight services. Further substantial investment in the Welsh railway system is already planned. A liner train depot will come into operation at Cardiff in the summer of 1967. Initially, door-to-door goods services will be operated to London. Planning, in the light of experience and market research, for later stages of the national freight grid will take account of the need for further terminals in Wales. The Railways Board will also extend, wherever possible, the arrangements for the carriage of whole train loads of goods between clearly defined points, as
in the services provided for transporting oil refinery products between Milford Haven and the Midlands and steel between Llanwern and London. Through further investment and other measures, the Government intend to ensure that the railways will be developed to meet the needs of present and future users in Wales.

61. Public road transport also requires to be strengthened and improved, particularly in view of the closure of uneconomic rail passenger services. The Government are very conscious that this problem is especially severe in the rural parts of Wales, where, although car ownership is high, many people also need adequate public transport. They have accepted in principle that help from public funds should be made available to secure that adequate rural bus services are provided and continued. They propose that local authorities should be empowered to give financial assistance, and the Ministry of Transport empowered to contribute. The criteria for assessing this financial assistance are being considered in consultation with the associations of local authorities. The experiment which is being made in Montgomeryshire of carrying passengers as well as mail in Post Office vehicles will be watched with interest.

62. The Government also intend to avoid uneconomic competition between rail and road transport, by incorporating an efficient railways network in an integrated transport system; and thus to secure that the interests of the public are best served and the most economic use made of the country's resources. The Welsh Economic Council have given advice on machinery for the more effective co-ordination of public passenger services by road and rail in Wales. In the light of this advice, the Government have set up a Passenger Transport Co-ordinating Committee in Wales, as in other areas, to secure improvements in these services through the co-operation of transport operators and local
authorities. The committee is working closely with the Welsh Economic Council, so that progress towards an integrated public transport system can be related to overall planning objectives in Wales.

63. Ports provide an essential service to industry, and Wales is well served in this respect. The ports in South Wales have not been used to full capacity for several years, mainly because the coal trade has diminished, but other trade has recently developed. Total traffic at the five major South Wales ports now administered by the British Transport Docks Board (Newport, Port Talbot, Cardiff, Swansea and Barry) has recently exceeded 20 million tons, which is double the low annual rate to which it fell immediately after the last War; and an overall financial loss in each post-War year up to 1961 has been converted to a profit in all subsequent years. Further west, at Milford Haven, the new refineries have brought a spectacular rise in oil traffic, as a result of which the port has become the fourth largest in the United Kingdom in terms of tonnage handled. Passenger traffic through the British Railways' ports of Fishguard and Holyhead is steadily growing and the car ferry and container traffic through Holyhead has substantially increased in recent years. There are prospects of reviving activity at some of the smaller ports.

64. There is considerable scope for further development to meet demands as they arise. Studies made by the Welsh Economic Council have shown that extra dock capacity, including deep-water berths, can be provided in South Wales quickly and cheaply. The National Ports Council, who are responsible for advising the Minister of Transport on all major port developments, are also aware of this potential. At Newport, about 160 acres of land are available for development in the immediate vicinity of the docks,
and a still larger area could be provided for port and industrial use nearby. Newport and Swansea have a considerable liner service to all parts of the world; the substantial volume of iron and steel products for export, which can be stowed as bottom cargo, making the South Wales ports a convenient point of departure for general cargo liners. The outstanding advantage of the South Wales ports is that, together, they offer a range of facilities combined with an amount of surplus capacity, which cannot be found at other existing ports.

65. What has mainly stood in the way of realising this potential has been the lack of an industrial hinterland producing a sufficient demand for importing and exporting facilities to replace the former trade in coal. This has made it difficult to arrange for full loads in the same way as at London and Liverpool, which serve large concentrations of population and industry. Specialised traffic through the South Wales ports in iron ore, steel, oil and oil products, timber and fruit has risen steadily, but there has been less success in attracting large volumes of general cargo.

66. This problem is now decreasing. The growth of manufacturing industry in South Wales has generated a useful amount of new traffic for the ports which should increase in the years ahead. A second important factor is that the road links between the South Wales coast and the motorway system via the Severn Bridge and the Ross Spur will widely extend the area which the ports of South East Wales can economically serve; while those further west will benefit from the Heads of the Valleys road and the progressive improvement of the A.48 trunk route.

67. In order to take advantage of growing opportunities, the South Wales ports are adapting their facilities to serve new types of vessel and cargo. Coal traffic has, for instance, been concentrated at Barry and Swansea, releasing the old coal loading quays elsewhere for other forms of trade; but this and
other spare capacity cannot be put to profitable use without extensive schemes of modernisation and development. A large and growing programme of investment is meeting this need. Since 1963, works to the value of over £44 million have been completed; and further schemes which will cost the British Transport Docks Board more than £20 million were in progress at the end of 1966. These include the new iron-ore terminal at Port Talbot, costing £17.7 million, of which £13.7 million will be borne by the Board. Works costing over £8.5 million have recently been completed or are in hand at Newport (£4.6 million), Swansea (£1.9 million), Cardiff (£1.6 million) and Barry (£435,000). With these works the Board are aiming both to serve existing traffic more efficiently and to attract new cargo to the ports. Among schemes to foster additional trade are one for the deepening of the channel costing £420,000 to improve access to the Queen Alexandra Dock, Cardiff, and the new quay under construction at South Dock, Newport, which will provide two modern berths, one principally for timber and timber products and the other either as a container terminal or for handling conventional cargo ships.

Future schemes proposed by the British Transport Docks Board for the South Wales group of ports would involve increasing annual expenditure on them from an average of £2.4 million in 1964-66 to £7.25 million in the period 1967-70. These proposals include the iron-ore terminal at Unionsport, expected to cost £12.3 million, of which £6.6 million would be borne by the Board. In addition to its primary purpose of serving the steel industry, this scheme would make available for other traffic accommodation at Newport now used for the import of iron-ore. The Board's proposals also include plans for the expenditure of nearly £7 million.
at the South Wales ports, including some £1.9 million at Cardiff, £1.7 million at Newport, £1.5 million at Barry and £1.3 million at Swansea. Although the precise pattern of port development which will be required to service the use of containers and purpose-built container ships is not yet clear, Welsh industry may be expected to benefit from this new form of transport.
69. There has been an encouraging development of air transport facilities serving Wales in recent years. The three main airports of Glamorgan (Rhoose), Swansea (Fairwood Common) and Hawarden have developed very substantially, and between them provide a growing range of domestic and international scheduled services, as well as numerous inclusive tour and other charter services. The prospects for continuing development are favourable.

**Aerodromes**

70. Glamorgan (Rhoose) is owned and operated by the Glamorgan County Council. There are two tarmac runways, 1,382 and 1,128 metres in length, and a grass strip of 826 metres. Navigational aids include very high-frequency direction finding equipment, a non-directional radio beacon and radar equipment. Air traffic control services at Glamorgan are provided by the Government at an estimated net cost in 1966/67 of £109,000, which is expected to increase to £150,000 by 1970/71. At present, scheduled passenger services, both domestic and international, are operated from Glamorgan by British Midland Airways, Cambrian Airways, Dan-Air Services and Aer Lingus, using Viscount and D.C.3 Pionair aircraft. Numerous inclusive tour charter services are also operated during the summer season. The extension of the runway which is planned would enable larger aircraft, such as the BAC.111, Trident and Caravelle, to use the airport. New passenger buildings and an instrument landing system are also planned. Between 1960 and 1966, the number of passengers carried by scheduled services rose from 63,000 to 156,000, the bulk being terminal passengers. There were some 49,000 passengers, mainly terminal, carried on charter services in 1966. Some 500 tons of freight were also carried.

71. Swansea (Fairwood Common) is owned and operated by Swansea County Borough Council. There are three concrete or tarmac runways of 965, 966 and 1,472 metres in length and navigational aids include very
high-frequency direction finding equipment, a non-directional radio beacon and radar equipment. Future plans provide for the building of an additional hangar and a motel. Scheduled services on domestic and international routes are operated by Cambrian Airways, Dan-Air Services and Morton Air Services, using Heron and D.C.3 Pionair aircraft; and the aerodrome is capable of handling larger aircraft, such as Viscounts. During the summer season, inclusive tour charter flights are operated to holiday centres. The number of passengers, mainly terminal, using the aerodrome rose between 1960 and 1966 from 4,700 to 13,500.

72. Hawarden Aerodrome is operated by the Hawker Siddeley Aviation Company. There are two concrete runways, 1,437 and 1,004 metres in length, and navigational aids include very high-frequency direction finding equipment and radar equipment. Scheduled services on domestic routes are operated by British Eagle International Airways, using Viscount aircraft, and inclusive tour charter services are operated each summer. Plans for the development of the aerodrome are under consideration by Hawker Siddeley and include an extension of the main runway and the construction of a new terminal building. The number of passengers, more than half of them terminal passengers, using Hawarden rose from some 22,000 in 1963 to nearly 40,000 in 1966. A further 3,000 passengers were carried by charter services in 1966. Some 220 tons of freight were also carried.

73. As regards the rest of Wales, it would be difficult, apart from the limitations imposed by geography, to justify the very high cost of establishing additional airports until the demand for air services reaches a level sufficient to support the introduction of scheduled services on a fully economic basis. Experience in other parts of the United Kingdom suggests that a population of 150,000 within a 15 mile radius is the minimum needed to sustain such a demand. The provision of aerodromes is a matter mainly for local authorities or other interests concerned. The existing aerodromes are well sited to serve
main centres of population in Wales; they are considerably under-utilised at present and offer ample scope for expansion of air transport.

74. To help meet the demand for landing facilities for occasional use by executive aircraft in areas remote from airports, the Services airfields at Valley in Anglesey and Brawdy in Pembrokeshire have been made available for use by civil aircraft with the prior permission of the station commanders, who will normally grant it provided that interference with Service use of the airfields can be avoided.

Air Services

75. Table 2 lists the domestic and international scheduled services advertised from Welsh airports in the summer of 1966 and early in 1967.

**TABLE 2**

Scheduled Air Services

<table>
<thead>
<tr>
<th>Domestic Services</th>
<th>OPERATOR</th>
<th>Weekly Frequencies Aug'66</th>
<th>Jan'67</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Between CARDIFF and:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bristol</td>
<td>Dan Air Services Ltd</td>
<td>12</td>
<td>5</td>
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<tr>
<td>Isle Of Man</td>
<td>&quot; &quot;</td>
<td>10</td>
<td>5</td>
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<tr>
<td>Liverpool</td>
<td>&quot; &quot;</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Newcastle</td>
<td>&quot; &quot;</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Middleborough</td>
<td>&quot; &quot;</td>
<td>31</td>
<td>14</td>
</tr>
<tr>
<td>Belfast</td>
<td>&quot; &quot;</td>
<td>5</td>
<td>1</td>
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<tr>
<td>Bristol</td>
<td>&quot; &quot;</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Glasgow</td>
<td>&quot; &quot;</td>
<td>27</td>
<td>7</td>
</tr>
<tr>
<td>Guernsey</td>
<td>&quot; &quot;</td>
<td>3</td>
<td>10</td>
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<tr>
<td>Jersey</td>
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<td>5</td>
<td>1</td>
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<tr>
<td>Liverpool</td>
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<td>27</td>
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<tr>
<td>Manchester</td>
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<tr>
<td>Swansea</td>
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<td>10</td>
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<tr>
<td><strong>Between SWANSEA and:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Cardiff</td>
<td>Cambrian Airways Ltd</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Jersey</td>
<td>&quot; &quot;</td>
<td>3</td>
<td>1</td>
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<tr>
<td>Exeter</td>
<td>&quot; &quot;</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Guernsey</td>
<td>&quot; &quot;</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>London</td>
<td>&quot; &quot;</td>
<td>6</td>
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</tr>
<tr>
<td>Plymouth</td>
<td>&quot; &quot;</td>
<td>2</td>
<td>1</td>
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<tr>
<td>Isle of Man</td>
<td>&quot; &quot;</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Between HAWARDEN and:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>London</td>
<td>British Eagle International Airways Ltd.</td>
<td>11</td>
<td>10</td>
</tr>
</tbody>
</table>
76. Development of air services is, subject to licensing, primarily a matter for the commercial judgement of airlines. Where a worthwhile demand exists or can reasonably be foreseen, airline companies usually respond to it with enterprise and are prepared to take a good measure of risk to build up traffic. Licensing decisions (except on appeals which are decided by the Board of Trade) are the responsibility of the independent Air Transport Licensing Board. They and the Board of Trade are very conscious of the importance of air services to regional development, and the Government have often affirmed, without prejudice to individual licensing decisions, their sympathy for genuine new services for Wales provided there is the traffic to justify them. The Government's general policy in this field is one of expansion.

77. The Welsh Advisory Committee for Civil Aviation plays an important role in encouraging the development of Welsh air transport facilities. It has the important statutory duty of advising the Air Transport Licensing Board upon licence applications affecting Wales, in the light of local circumstances and requirements. It also considers Welsh civil aviation questions generally including those concerning aerodromes, and in 1965 its terms of reference in this respect were strengthened to enable it to keep a close watch on the adequacy and quality of Welsh air services. The Committee works in close touch with local authorities, business organisations, other bodies interested in air transport and the Welsh Economic Council, with which it has some common membership.
CHAPTER V

HUMAN RESOURCES

78. The greatest resource of Wales is its people: only if they are properly employed will the Principality prosper as it should and make its full contribution to the wealth of Great Britain.

79. How many people are there? What do they do? Who comes to Wales? Who leaves? The answers to these questions will indicate how the size and composition of the population may change during the next few years. On that basis, an attempt will then be made in this Chapter to assess the possible size of the employee population in 1971 and to compare that with such indication as it is practicable to give of the demand for labour in that year.

Population in 1966

80. The 'home' population of Wales in the middle of 1966 is estimated by the Registrar General to have been 2,701,200. This was 48,000 more than four years earlier and 112,000 more than in 1951. The rate of growth has been quickening from an annual increase of under 4,000 in the early 1950's to an average of about 13,000 between mid 1963 and mid 1966. The natural increase (i.e. the excess of births over deaths) between 1951 and 1966 was 144,000 and, allowing for changes in the number in the armed forces, the difference between the natural increase and the actual increase reveals a net outward migration of 43,000 from Wales over the fifteen year period. The rate of the net outflow has, however, been falling steadily from 5,500 annually in the early 1950's to virtually nil since 1962.

81. In South Wales the rate of net migration loss has fallen from around 3,500 a year in the early 1950's to approximately 2,300 a year since 1956, while within South Wales there was, over the whole period, an average net
movement of nearly 3,000 annually to the coastal plain and an average net annual loss of 5,500 from the rest of the area, mainly from the central and eastern valleys. In North-East Wales the net flow has switched from an average annual loss of 1,000 up to 1956 to an average gain of 400 a year between 1962 and 1966. In the North-West Wales coastal area there has been a progressive increase in the rate of net inward migration, the annual net inflow having gone up from 600 in the early 1950's to 1,900 between 1962 and 1966. In the remainder of North-West Wales and in Central and West Wales it is only since 1962 that there has been any significant falling off in the outward flow, the combined loss having declined from around 1,500 a year before that date to 500 a year since. These trends are shown in detail in Tables A, B and C in the Appendix.

Population in 1971

Any estimates of future population must be based on a series of assumptions regarding two elements, namely natural increase and migration, and must therefore be speculative. Fluctuations in the rate of natural increase have an immediate effect on the rate of population growth, although there will of course be a time lag of at least sixteen years before any change in the birth rate has much effect on the supply of labour. Changes in the rates of migration, on the other hand, have a direct effect on both the population total and the availability of labour. Moreover, it is not only the level of net migration which is important but also the relative composition of the inward and outward flows. Although there has been little total net loss through migration since 1962, there is evidence from information relating to earlier years indicating that there is a considerable net outflow of persons in the younger age groups which is offset by a net inflow of persons in older age groups.
The 1961 Census 10 per cent sample provides a measure of these flows during the year preceding the Census and reveals that the loss was particularly marked in the 15 - 24 age group where it was proportionately well in excess of the comparable figures for any of the English Regions. Losses in the younger and middle working age groups (i.e. 15 - 44) reduce the manpower immediately available: they also affect the birth rate, and so ultimately reduce the future population and the potential labour supply.

83. Vigorous policies for the introduction of new and more varied employment opportunities should go a long way towards countering the encouragement to migration resulting from the run-down in the coal mining and steel industries, but up to 1971 some net outflow from Wales of persons of working age may continue. The rising trend of retirement migration into coastal areas particularly in North-West Wales is expected to continue, although the increment to the total population from this source, up to 1971, is likely to be small. On the assumption of nil net migration for Wales as a whole, but on certain assumptions regarding the continuing loss from the working age groups and gains to the non-working age groups, the Registrar General estimates that during the period 1966 to 1971 the population of Wales will increase by 91,000 to a figure of 2,792,000, and that this will include 1,010,000 males and 1,100,000 females aged 15 years and over.

Population in 1981

84. The Registrar General estimates that by 1981 the population will have grown to 2,951,000. This figure, which implies a population of 3 million by the
early 1980's, may well be exceeded as a result of an increased rate of inward migration to North and Mid Wales which may occur in the 1970's and also because the economic policies which the Government have already adopted should enable a greater proportion of those who wish to work in Wales to do so and thereby reduce the loss by migration of the younger age groups. Moreover this does not allow for any movement of population into Wales, on Severnside and perhaps Deeside, which may take place if the study of those areas which has been put in hand leads to decisions by the Government for large scale development there to provide for some of the natural growth in the population of Great Britain.

Employment in 1956-66

85. There will be found in Tables D, E and F in the Appendix, mid-year figures over the period 1956 to 1966 for the total employees (i.e. the employed and unemployed), the registered wholly unemployed, and employees in employment (i.e. total employees less registered wholly unemployed). The Appendix also contains Tables showing the distribution of employees in employment in 1961 and 1966 as between industries (Table G); the distribution of employees in employment in the different areas of Wales as between the main industrial sectors over the period 1950-65 (Table H); and activity rates (Table I). None of these Tables includes the self-employed or the armed forces.

86. This material shows that, despite the progress made after the War and the vigorous steps taken by the Government since 1964, the best use is still not being made of the human resources of Wales. The evidence for this is two-fold: in the first place unemployment rates
are high, and in the second place activity rates
(i.e. the proportion which total employees constitute of
the home population aged 15 and over) are relatively low.
This is the basic challenge and opportunity we have today.

87. During the decade 1956-66 the total employees
in Great Britain as a whole grew by 8.4 per cent, while
in Wales they increased by only 5.3 per cent. Moreover, the
whole of the Welsh increase was in female employment: the
figure for male employees in June 1966 was lower by some 4,000
(0.7 per cent) in Wales than that for June 1956, whereas in
Great Britain the number of male employees rose during the
period by 5.7 per cent. Among females the rise in Wales was
20.2 per cent compared with 13.5 per cent in Great Britain.

88. It will also be seen that the rate of unemployment
in Wales over the past ten years has been consistently much
higher than in the country as a whole. It has hovered at
between one and a half and twice the national rate. With
approximately 4.3 per cent of the employees in Great Britain,
Wales has suffered in recent years from between 6 per cent
and 9 per cent of national unemployment. This bears
particularly on those aged over 45.

Disability

89. A special problem in Wales is the incidence
of disability. This has been heavier than in
the rest of the country, largely because Wales has had a
high proportion of its workers in heavy industries with
high injury and sickness rates and these industries provide
fewer opportunities for disabled workers. In Great Britain
an average of 10.7 per cent of the unemployed are registered
as disabled, while in Wales the comparable figure is 13.0 per cent;
and the problem is heightened because many of the unemployed disabled are the older men. The incidence of disablement should drop with the adoption of modern methods in heavy industries and as the proportion of the employee population engaged in other occupations increases. By careful job selection and by using industrial rehabilitation and training facilities as necessary, the Disablement Resettlement Service of the Ministry of Labour aim to place disabled persons in work in open industry as far as this is possible. Until recently there was only one Industrial Rehabilitation Unit in Wales, at Cardiff, but another has now been opened at Port Talbot, which is specially concerned with redundant coal miners. These units greatly enhance the prospects of resettling the disabled, as well as redundant workers and able-bodied people who have been without work for some time, through rehabilitation and by introducing them to new industrial occupations. For those too severely disabled to secure employment in open industry, sheltered employment is provided in Remploy factories and in the increasing number of workshops maintained by local authorities and voluntary bodies, many of which undertake work on contract from local industry. Disability itself need not exclude workers from contributing fully to the nation's labour requirements and disabled workers provided with rehabilitation and training services within
industry as well as by Government centres form a valuable part of the labour force. The proportion of disabled persons employed in open industry in Wales is already higher than elsewhere and the growth of new industry will help further progress.

**Youth Employment**

90. There is a disturbing lack of employment opportunities for young people in Wales in comparison with those for their contemporaries elsewhere. This is strikingly illustrated by the ratio of unfilled vacancies to unemployed young persons. In December 1966 there were, in Great Britain, 184 unfilled vacancies to each hundred wholly unemployed boys and 337 to each hundred wholly unemployed girls: in Wales, the figure for boys was only 36 and that for girls 38. For school leavers, the consequence is slower absorption into employment: in December 1966, 2.1 per cent of Welsh summer school leavers were still without their first jobs, compared with 0.4 per cent nationally. It also means that it is more difficult to ensure that young people take up work for which they are best suited, and that unemployment and migration among them is high.
Activity Rates

91. Relatively low activity rates are a second indication that human resources are under-used. Because of special regional characteristics activity rates in all areas will never be equal. Wales, with its own established pattern of life, the scattered population in the rural areas with transport difficulties, and a high proportion of self-employed workers, is unlikely to have employee activity rates as high as those in England. The high proportion of persons over 15 who remain in full-time education (despite the long term advantages of this) depresses the rates, particularly in Wales. As will be seen from Table I in the Appendix, the estimated employee activity rate in Wales in mid-1966 for all persons aged 15 and over was 48.3 per cent, that for males was 67.4 per cent and that for females 30.4 per cent: the corresponding figures for Great Britain were 57.5, 76 and 40.4 per cent. The rates for males have declined continuously between 1961 and 1966 both in Great Britain and in Wales, but more rapidly in Wales. On the other hand, the corresponding rates for females have increased and the rate of increase has been faster in Wales. This points to the existence of reserves, mainly female, which, in a more congenial economic climate, could serve to raise the female activity rate and slow down the decline in the male activity rate in Wales. The unused reserves are a loss to the Principality's wealth and to the national economy.

Supply of Labour in 1971

92. The general picture painted of Wales as compared with Great Britain as a whole is therefore of a smaller proportion of employees in the population, a higher proportion of unemployed, and an employee population which has been growing more slowly. The number of male employees has been relatively static and indeed tending to decline in Wales.
An attempt has been made, on the basis of the trends shown in the period 1956-1966 and other information, to assess on certain assumptions what may be the total number of employees in 1971 and the possible employment prospects in that year. Estimating is particularly difficult in this field, because many of the factors likely to be relevant are not susceptible to accurate measurement, and no approach to precision is practicable. The estimates are only required to give a broad indication of the position on the basis of possible trends; so that Government action can be directed towards reducing the gap between the supply of and the demand for labour.

In attempting to calculate the availability of labour in 1971, the starting point must be the population projections. As has been said in paragraph 83, in 1971 the population of Wales aged 15 and over is expected to include about 1,010,000 males and about 1,100,000 females. How many of these will be in the employee population will depend in part on their age distribution, and in this connection the character of movements into and out of Wales is important. It is expected that migration will have little effect on the total size of the population up to 1971, the movement into Wales of mostly older people being balanced by an outward movement of younger workers, so the potential number of workers is likely to be less than if there were no migration either into or out of Wales.

The demand for labour and its availability are inter-related, and the making of any assumption as to activity rates is hazardous. If economic activity increases, the demand for labour rises, and the number of employees and so activity rates will be higher than they would otherwise be; and the converse is also true. If demand does not grow, potential workers may remain in or return to inactivity or self-employment or may migrate; they will not necessarily become registered.
unemployed. To some extent, demand itself will depend on supply; unless there is a reasonable expectation that labour of the kind, in the quantity, and in the places required will be forthcoming, potential demand may not materialise into jobs. In a favourable economic climate, activity rates are likely to be high and unemployment low, while in adverse circumstances low activity rates are likely to be associated with higher unemployment.

The changing age structure of the population, the increasing proportion of married women and the tendency towards earlier retirement will continue to depress activity rates throughout Great Britain. The proposed raising of the school-leaving age in 1971 will also lower them below what they would otherwise be; in Wales it will do so less than in Great Britain as a whole because young people in Wales already tend to stay longer at school, but the effect in Wales may be to lower activity rates by up to one per cent. In these circumstances, even to maintain the 1966 activity rates in Wales of 67½ per cent for males and 39¾ per cent for females would really represent a substantial improvement. As was said in paragraph 91, the activity rate for males has been falling; and, because of age distribution, self-employment, the raising of the school-leaving age, and the social factors which affect activity rates in Wales, it is likely in 1971 to be lower than in 1966. It is hoped, however, that by 1971 it will have fallen less sharply than in recent years and less sharply than seems likely in Great Britain as a whole. Moreover, for the purpose of the calculation made in this Chapter, it is appropriate to assume a good demand for labour and consequently high activity rates. On this basis and for the purpose of this calculation, an activity rate for males of 67 per cent is assumed, which would mean a male employee population (employed and unemployed) of about 675,000.
97. The activity rate for females is lower in Wales than in any other part of Great Britain, but it has been rising more sharply than in Great Britain as a whole; and there is evident scope for more females to be drawn into employment if the opportunities existed. It is expected that the rate for Great Britain will fall by 1971, because of the increased proportion of married women and because the number of girls entering the labour force will be lower than in recent years; but that the rate for Wales will continue to rise from its 1966 level of 30\% per cent, although more slowly. It is proposed to assume for the purpose of this calculation that by 1971 the rate could reach about 32 per cent, if the demand for female labour in that year is sufficiently high to coax that number into employment. This would mean a female employee population (employed and unemployed) of about 350,000.

98. In considering any forward projection of labour supply and hence the likely demand for employment opportunities, it is necessary to adjust the estimates of the total number of employees made in paragraphs 96 and 97 to take account of those who are moving from one job to another, with possibly an interval for retraining in between, those affected by short term fluctuations in demand, and those who because of age or disability have difficulty in obtaining employment. What deductions in the circumstances of Wales should be made on these accounts from the estimates of the employee population in 1971 is speculative. For the purpose of this calculation, it is proposed to assume that the number of males effectively available for employment at any one time will be about 660,000, and that the effective availability of female labour will be about 345,000.

Demand for Labour in 1971

99. An attempt has also been made to forecast the demand for labour in Wales in 1971 on the basis of recent trends, as
modified by the information available and policy decisions as they stood in March 1967. For some of the industrial sectors most significant to Wales, such as the coal and steel industries, estimates can be ventured on the basis of the existing plans of the industries. Something is also known of increases likely to take place in the manufacturing field as a result of the continuing operation of the Industrial Development Act 1966. Over much of the remainder of the economy it is possible only to project trends and to modify them in the light of what may be known. On this admittedly uncertain basis, the number of employment opportunities likely to be available in 1971 may be of the order of 640,000 to 650,000 for males and 350,000 for females, compared with about 664,000 and 323,000 in mid-1966; this is notwithstanding the progress so far made in implementing the policies adopted since 1964. This assessment is based partly on impressions and assumptions, is subject to an unknown margin of error, and no claim at all can be made to precision. Different assumptions would produce different results. Nevertheless, it is only by attempting such an assessment that the order of the size of the problem of providing work for the labour available can be broadly defined and thus a basis for policy be given.

Conclusion

100. Relating the estimates of effectively available supply of and the demand for labour to each other, it appears that for females they should in 1971 be roughly in balance at a level of 345,000-350,000, with rising demand for female labour probably having the effect of drawing into the employee population some who would otherwise remain inactive, thus enabling demand to be fully met. For males, on the other hand, developments foreseen in March 1967 seem likely to be inadequate to provide employment for all those effectively available on the
The mean of the employment opportunities for males in 1971 estimated in paragraph 99 (645,000) falls short of the number of male workers estimated in paragraph 98 as being effectively available (about 660,000) by around 15,000. As has already been stressed, this calculation is imprecise and has been made only to enable the broad magnitude of the problem to be assessed; what is clear is that the employment opportunities available for men in Wales in the early 1970's would, in the absence of action additional to that envisaged in March 1967, be inadequate on a quite substantial scale. If this situation in fact developed, the consequences would be, for a large number of men, a combination of withdrawal from and a reduced inflow into the employment field, of unemployment at a level higher than that resulting from the factors referred to in paragraph 98, and of migration. All these consequences would involve loss to the economy of Wales, and all except the last to that of Great Britain as a whole.

101. For planning purposes, it is desirable to have, not only an estimate of the size of the problem, but also an indication of the localities where it is likely to arise most acutely. The main impact of reduced demand for labour in agriculture, coal and steel will be in the rural and coalfield areas and in some of those with large steel plants. The introduction of new industries is easiest and is taking place fastest in the South-East and North-East parts of Wales. The largest unemployment difficulties therefore face men living in the area within fifteen miles or so of Swansea, in the Rhondda, in some of the other mining valleys, and in some of the westerly rural districts. It is in these places, or within reasonable daily travelling distance of them, that fresh employment opportunities are needed.
102. It is, therefore, the Government's intention to make every effort to increase the employment opportunities in Wales, as in other development areas. Since the review of the situation made in March 1967, they have made a number of decisions which are described in later Chapters.

103. Although the needs of the future have been discussed in this Chapter in quantitative terms, that is not all that matters. The resources must not only be fully used, but effectively used. There will be problems of redeployment, of the adoption of new technology, and of training. These are considered in Chapter VIII.
PART TWO - MATERIAL PROSPERITY

CHAPTER VI
TRADITIONAL INDUSTRIES

104. Having described in Part One the framework of the economy of Wales, the changes which it has undergone, the natural and human resources available, the water resources and the situation regarding communications, it is convenient to turn to the uses made of these resources and first of all to the industries of Wales. This Chapter will deal with the traditional industries of agriculture, coal and steel; and Chapter VII with the holiday industry. Chapter VIII will cover new manufacturing industry including the oil industry, the measures taken by the Government to promote manufacturing industry, the provision of industrial sites, productivity, technological development, industrial training and export promotion, which affect all production industry.

AGRICULTURE, FISHERIES AND FORESTRY

The Contribution of Agriculture

105. Farming will make a growing contribution to the country's food requirements, if the favourable trends of recent years are maintained. Encouraged by the Agriculture Act of 1947 and other Government measures for the support and development of agriculture, the industry in Wales has undergone much change and has achieved considerably greater output and efficiency; but further improvements are needed in the interests of both the British economy and Welsh farmers themselves.

106. Home agriculture can make its best contribution to national economic growth through a selective expansion programme, in which meat production is particularly important. During the next few years there will be scope for more home supplies of mutton, lamb and pigmeat, but particularly of beef; and as
about two-thirds of the United Kingdom's production of beef comes from the dairy herd, more beef will entail more milk. This in turn, after meeting requirements for liquid milk and fresh cream, will supply a substantial part of the additional demand for milk products. The implications are very important: the total receipts of Welsh agriculture, including subsidies, are estimated as currently in the region of £100-125 million a year, and about three-quarters of this is obtained from livestock products. Welsh farmers can therefore look forward to an expanding market.

107. The livestock population has been rising sharply during the past few years: between 1964 and 1966 the number of cattle rose by 10 per cent and of sheep by about 8 per cent, reaching record levels of over 1½ million cattle and over 6½ million sheep in June 1966. Even pigs, which decreased by almost 37,000 in 1966, were still about the same in number as in 1964. Despite a decline in the number of milk producers, milk output in the year ending 31st December 1966, at 256 million gallons, was less than one per cent down on the previous year. A continuation of upward trends in cattle and sheep, reinforced by measures referred to below, will enable Welsh farmers to play a valuable part in meeting the nation's increasing food requirements.

The Size of Holdings

108. There are about 48,000 holdings in Wales. Even among the 24,000 full-time holdings, there are a large number which, on account of meagre acreage or indifferent land or both, can never provide a satisfactory livelihood. In some years the net income from many Welsh farms may be less than the wages of a farm-worker. Even on farms on better land the income is often low and leaves little margin for increased capital investment. With the increasing pressure of competition, it seems inevitable that many of the farms which yield a poor return will cease to exist as separate units.
This structural weakness is evident from changes which have already taken place. Between 1951 (when the total number of holdings was about 56,400) and 1966, approximately 5,900 holdings under 20 acres and 2,700 holdings between 20 and 50 acres disappeared, and there was an increase of about 850 in the number of holdings of 150 acres and upwards. The Government's policy is aimed at increasing the proportion of farms capable of supporting a commercial business whilst continuing to help progressive smaller farmers to become more competitive. For this purpose, a commercial business is regarded as one capable of providing, mainly from the land, full-time occupation to a farmer employing one worker or having equivalent help from his family. Only 17 per cent of the holdings attain this level and, even though many of the others are viable, an increase in the number of larger farms would help Welsh agriculture to meet the demands of economic food production and to provide a better living for farmers and farm-workers.

**Government Support**

Between 1946 and 1966 grant-aided improvement schemes estimated to cost some £4.9 million were approved for Welsh farms and, in addition, £2 million in grant was provided for the improvement of rural roads in the uplands. The proportion of these sums already spent, coupled with other investment by local authorities and other public bodies and by landowners and farmers themselves, has helped to raise agricultural output to high levels. Long-term investment covered by these grants is currently running at the rate of £4 million a year in Wales, including £1 million a year for work approved under the Hill Farming and Livestock Rearing Acts and £2 million a year for that under the Farm Improvement Schemes; and these rates of investment are likely to continue for some years to come. Grants totalling £6½ million have been approved for nearly 9,000 occupiers under the Small Farmer Scheme, which was modified in 1965 to put a new emphasis on better management.
Farmers also benefit from the whole range of guarantees and production grants determined at the Annual Review.

**The Agriculture Act 1967**

111. The Agriculture Act 1967 will have special value for Wales, with its preponderance of small and hill farms. The Act contains far-reaching provisions for improving the industry's structure by assisting worthwhile amalgamations through grants towards incidental costs and approved works directly consequent on the amalgamations and also payments to outgoing occupiers; for encouraging the improvement of hill land; for putting the hill stock subsidies on a long-term basis; for encouraging farmers to co-operate in production and marketing; for establishing Rural Development Boards for certain upland areas; and for a Meat and Livestock Commission to improve the production, marketing and distribution of livestock and meat in Great Britain. The implementation of these provisions should go far towards improving the structure and, hence, the economic future of Welsh agriculture. If the rate of change between 1960 and 1966 continues and is gradually accelerated by the Government's new incentives to voluntary amalgamation, a further reduction of 2,700 in the number of small holdings and an increase of about 350 to 400 in that of the larger holdings may be expected by 1970. Looking yet further ahead and leaving aside those part-time holdings which, combined with other employment, yield satisfactory incomes, the prospects are of a steady decline in the number of those holdings that, on a full-time basis, offer little more than mere subsistence to their occupiers; a fairly stable majority of holdings, mostly of between 60 and 100 acres, capable, with efficient and economic management, of producing a reasonably satisfactory living; and a gradual increase in the number of larger commercial holdings employing specialist labour and equipment.

112. The new scheme of grants to encourage co-operation which is provided for in the Act should give fresh stimulus to a movement in which Welsh farmers have long been active:
co-operation between small farmers in production and marketing activities could do much to reduce their costs and enhance their incomes. Other provisions of the Act will undoubtedly encourage more investment, especially through the extended Farm Improvement Scheme and the Hill Land Improvement Scheme, and in the labour-saving equipment and self-propelled machinery covered by the Investment Incentive grants. The larger farms of the future will be more economical on replacements and better placed to finance improvements made necessary by technological advances.

113. An important provision in the 1967 Act is one for the establishment of Rural Development Boards in upland areas where there are special problems, including that of farm structure, affecting their development as rural areas. The Boards will draw up programmes to co-ordinate the development of agriculture and forestry. The Government consider that among the first of the Boards should be one in Mid Wales. They are consulting local authorities and other interested bodies as to the area it should cover. This and other Government measures will help the Welsh countryside to make its fullest contribution to the national well-being and, at the same time, to provide a better living for those who work there.

Productivity

114. After allowing for part-time working, agriculture employs an estimated labour force equivalent to 55,000 full-time workers, not including farmer's wives. This represents a marked decline during the last fifteen years. The loss of manpower consequent upon a 15 per cent fall in the number of agricultural holdings between 1951 and 1966 has been substantial. In addition, the number of employed whole-time workers fell by about 3 per cent per annum from 1951 to 1963 and at a significantly greater rate from then to 1966. But this reduction in the labour force has been more than offset by increased productivity, made possible largely by the simplification of farming systems, the increased use of machinery.
and improved fixed equipment, and technological developments. Tractors have increased in number from nearly 19,000 in 1948 to over 44,000 in 1966 (giving a ratio of one tractor to every 59 acres of crops and grass), combine harvesters from only 118 to 2,400, and milking machines have increased by over 300 per cent. A report by the Milk Marketing Board in 1965 shows that there is still scope for further improvement in productivity in Welsh dairy farms. Output per full-time worker (including farmers and family labour) in sample milk-producing farms in 1963-64 was lower in Wales than in England and Wales as a whole. Economic improvement would now
seem to depend on further investment, new forms of organisation and co-operation, and the achievement of a better balance of resources between machinery and livestock.

115. The outlook for the future is therefore one of increasing output from a smaller labour force. If, as suggested in paragraph 111, some 2,700 of the smaller holdings no longer exist as separate units by 1970, and if the release of agricultural workers continues at the same rate as in recent years, there might be a reduction equivalent to between 4,500 and 5,000 full-time workers (including farmers) in the Welsh agricultural labour force by 1970. In some areas any substantial loss of labour from agriculture may bring difficulties, particularly in livestock husbandry, but technical developments, including the fullest use of machinery and better management, should ease the problem.

**Agriculture and the Countryside**

116. It is a major concern of the Government that the countryside should be developed to the fullest health and vigour. Their aim is to ensure that as many as possible of the people released from agriculture will find other employment within the rural areas themselves. It will be particularly important to build up the tourism and population and economy of the country towns. Their prosperity must be fostered so that they can continue to provide the services essential to the farming industry and generally act as focal centres of rural development, and so build up a more thriving economy in the rural areas, stem depopulation and provide a better social environment. Agriculture is bound to remain the dominant feature of the rural scene. The Ministry of Agriculture's advisory services are freely available to farmers and landowners and, together with the financial incentives which are being provided and extended, will enable the industry to adapt itself to and benefit from the inevitable changes. The value of good land in agricultural use should be taken into account when considering competing requirements.
The fishing industry occupies a relatively small place in the Welsh economy, but provides a valuable source of employment in areas where this is particularly needed. In recent years landings of fish and shellfish in Wales have been worth about £1 million a year. Wet fish account for over £800,000 of the total, most of this being landed at the deep sea port of Milford Haven. The inshore fishing ports of Conway and Swansea specialise in supplying high quality white fish, for which there is a good market. Conway has the more modern fleet and the value of the catch has more than doubled in the past ten years. The smaller inshore fishing ports contribute the bulk of the shellfish. About 450 workers are regularly employed in the industry and a somewhat smaller number are employed part-time.

The Government are helping the industry as a whole to become viable and for this purpose they make grants towards the cost of building new vessels and of improving existing vessels. These grants have been raised for deep sea trawlers to 35 per cent and for inshore vessels, which are usually owned by those who sail in them, to 40 per cent; and legislation has been sought to enable both rates to be increased by an additional 5 per cent for investments in 1967 and 1968. Operating subsidies are also given for all vessels, based on the days they spend at sea, or, for certain very small vessels, on the weight of fish landed. In recent years the port of Milford Haven has suffered from a decline in hake fishing, and special rates of subsidy have been paid to help the local industry there to adjust itself to this situation. Unsuitable vessels have been eliminated from the Milford Haven fleet and smaller modern ones, which offer better chances of success, are being introduced.
The fishing trade at the inshore ports of Conway and Swansea is in a stronger position economically, but there is scope for modernisation especially at Swansea. Both ports should benefit from the extension of British fishery limits which has now taken effect. At the smaller inshore fishing ports, the prospects of development are generally good, if modest; sales of shellfish are increasing and there has been an upward trend of investment in vessels, stimulated by improved marketing arrangements and by keen demand. The Government will continue to help the industry by means of research, conservation measures and assistance for investment; but the success of modernisation schemes will depend largely on the enterprise of individual owners.

Salmon and trout fishing on Welsh rivers provides a great and increasing attraction for visitors. The Government intend to seek legislation to give river authorities greater scope to assist the development of fresh water fisheries.

Forestry

A great deal has been done by the Forestry Commission and private land-owners to revive the forestry industry. The once abundant woodlands were severely diminished by centuries of encroachment, culminating in the devastation caused by the timber needs of the industrial revolution and the First World War. Since 1919, successive Governments have encouraged the expansion of both private and state forestry. In the years between the Wars the Forestry Commission planted some 60,000 acres in Wales. Since 1946, a further 228,000 acres of forest have been created by the Commission, mostly on land of little agricultural value in the upland areas and on derelict woodland.
There are also about 80,000 acres of well-managed private forests, mainly in the traditional woodland areas. About 7 per cent of the land area of Wales is now occupied by effectively managed forests.

121. Originally policy was aimed at creating and maintaining a reserve of growing timber for use in emergency; but the emphasis is now on the value of forestry as a source of timber for industry and for the contribution it can make to the social welfare of the countryside. The financial return from forestry cannot alone justify investment in it. The length of the growing cycle makes it difficult to compare the profitability of forestry with other forms of land use yielding earlier financial returns; but, so far as can be judged, the state forests in Wales might be expected to yield a net return of about 4½ per cent compound interest. Although this is not attractive in relation to many other forms of investment, the Government have taken a wider view: it is their aim to encourage the best and fullest use of the uplands of Wales, and forestry is one of the best forms of land use for these areas. Apart from making a significant contribution to the country's supplies of timber and timber products, it can assist the establishment of timber-based industry and the growth of tourism, and can help the farmer. In particular, forestry can bring some social stability and employment opportunities to areas especially liable to depopulation. For these reasons, the Government have encouraged the further development of forestry, and the Forestry Commission are planting at the rate of 5,000 acres a year in Wales.

122. There is considerable difficulty in acquiring sufficient land to continue this rate of planting: for a variety of reasons, the acquisition rate has been falling in recent years, and an effort is being made to increase the Commission's reserves. It is not that suitable land is lacking: there are still substantial acreages of inferior hill
land which could be beneficially used for forestry. The proposed Rural Development Board in Mid-Wales will assist integrated development of farming and forestry. It is also expected that in time the commons of Wales, amounting to some 450,000 acres, will provide a good deal of land which may be of only marginal value to agriculture and would be better used for tree planting. The Government will give all possible help to the Forestry Commission in their task. They will also continue to support private woodland owners, who have recently been increasing their plantations at the rate of about 3,000 acres a year. Substantial inducements are available to encourage these owners to maintain their valuable contribution to the extension and management of forest areas.

123. Through growing output, the forestry industry will make an increasing contribution to the economy. Timber production currently amounts to about 225,000 tons annually, mostly in the form of small round-wood from softwood thinnings. The Forestry Commission's output, which accounts for some 175,000 tons of this, is expected to rise to about 750,000 tons annually by 1985. A great deal of the timber produced in Wales is used in Wales or on the Welsh borders by coalmines, sawmills, pulp-mills, boardmills and farms, which together are capable of absorbing all the increasing forest production of Wales for at least the next decade.

124. The Forestry Commission now provide direct employment in Wales for about 2,700 workers, mostly in the upland areas, and some 1,400 are employed by timber merchants and in private woodlands. These numbers, though small in total, are valuable in helping to stem depopulation in sparsely populated areas, and in remote villages. Modern methods of training and the use of new techniques are increasing productivity in the forests, with resultant economies in manpower; but the increasing flow of timber from the forests should in the long term bring a gradual net increase in employment, both in forestry and in the ancillary industries and services.
Forestry offers other direct and indirect benefits. There is a growing appreciation of its recreational and amenity value. The Snowdonia Forest Park, with its camping ground at Beddgelert, has proved extremely popular, and wherever possible forests are now open for public enjoyment. About 1,900 miles of forest road have been constructed in Wales and further construction of about 100 miles a year is planned. These roads are below normal standards and must remain unobstructed for timber extraction and fire-fighting, but can be of great help to visitors who want to explore the forests on foot. The number of parking and picnic places where people can leave their cars before entering the forests will be increased. Trees can enhance the attractions of beauty spots, mask unsightly areas and help to deal with the problem of derelict land.

COAL

In the wide range of high-grade coals it produces, the coal industry in Wales has assets of considerable national importance. Its total production from all sources in 1966 was 20.0 million tons. The South Wales coalfield provides virtually the whole United Kingdom output of anthracite for home use and export, dry steam goals valued for their high calorific value and smokeless properties, and coking coals and domestic fuel of the best quality. The smaller North Wales coalfield, comprising five collieries, produces mainly general purpose coals which are disposed of in and around the area. Many of the South Wales coals have important specialised uses, as in providing smokeless fuel to serve the Government's clean air policy and in meeting the distinctive needs of the steel, electricity supply and other industries. They also furnish the raw materials for the National Coal Board's coking plants in South Wales at Senghenydd, Coedely and Pontgarw, for the coking plants of the steelworks, which between them supply a high proportion of the...
Wales Gas Board's requirements of gas, in addition to producing large quantities of metallurgical coke, for a phurnacite plant at Aberaman manufacturing one million tons of premium smokeless fuel a year; and for a new plant at Cardiff Docks, which produces a new smokeless fuel called multiheat and is at present being expanded to produce 330,000 tons per year.

Investment

127. To make the fullest use of these resources, the National Coal Board have carried out an intensive programme of capital development in Wales, particularly in sinking new mines for the production of anthracite. Among these are the new collieries at Abernant, near Pontardawe, and at Cynheidre, near Llanelli, on which the Board have spent over £23 million. In South Wales, the National Coal Board have invested about £142 million since 1946, out of some £1,292 million in the industry as a whole. Concurrently with the development of new collieries there has been a drive to modernise and reconstruct existing collieries, the most successful of these being Abertillery in Monmouthshire, in which about £3 million has been invested.
At the end of 1966, twenty colliery reconstructions were still in hand, including one at Marine Colliery, Ebbw Vale, where the first scheme in Wales for a remotely operated longwall face is being carried out.

Two new drift mines, Treforgan and Blaenant New Drift, both in the Dulais Valley, have come into production within the last two years, and one near Blaenavon, known as Blaentillery New Drift, is expected to become operative in 1967. Opencast coal mining, which has been undertaken in Wales since 1943, now affords employment for about 1,800 men at sixteen sites. Production from opencast sites has risen from 0.7 million tons in 1946 to 2.4 million tons in 1966, and the coal produced, particularly coking coal and anthracite, is a valuable addition to the output from other operations of the Board in Wales.
**Demand**

128. The industry in Wales, as in the rest of the United Kingdom, has been faced with a difficult task in adjusting itself to market conditions. For some years from 1950 the British fuel economy was overwhelmingly dependent on coal, home demand reaching a peak of over 217 million tons in 1956, and the coal industry had difficulty in meeting demand both at home and for exports, even having to arrange imports at high cost. But after 1956 total inland consumption of all fuels failed to rise as had been expected and the growing use of oil caused a sharp decline in the market for coal, with immediate and serious effects on the industry. Although the fall in demand was arrested between 1960 and 1963, demand has since declined still further, and in 1966 total inland consumption and exports fell to just over 177 million tons. Financial results have been disappointing, particularly in South Wales where accumulated deficits since 1946 after payment of interest amounted to £116 million.

**Concentration**

129. The National Coal Board have continuously sought to increase the efficiency of the industry by the better use of men and machines and by concentrating production at the most economic pits. In Wales, 95 collieries were closed in the period 1947-65: most of these, after a long life span, had either exhausted their reserves or reached the limits of economic operations. Since November 1965, the Board, with the Government's full support, have been speeding up their concentration programme. During 1966 a further eleven collieries were closed in Wales; and, while redundancies were relatively small, they unfortunately fell most heavily on disabled and elderly miners. Notwithstanding its reduced
scale, the coal industry contributes about £100 million annually to the Welsh economy and provides employment for nearly 61,000 mineworkers and some 5,500 other staff. It is, therefore, an important part of the economy of Wales.

The Future

130. The Board are proceeding with their programme for strengthening the competitive position of the coal industry and this involves a continuation of the process of concentrating production on the more economic collieries. But the Board will need to maintain an adequate labour force at these collieries. Between 1963 and 1966, the number of mineworkers employed by the industry in Wales fell by over 18,000 from 79,700 to 61,000 and the fall is likely to continue. Despite a reduction in the rate of manpower loss in the latter half of 1966, the immediate problem is one, not of a surplus of mineworkers, but of a shortage of about 1,300 faceworkers in the South Wales coalfield. The redeployment of mineworkers from closing collieries to long-life collieries is essential and the National Coal Board will do all they can to make this redeployment practicable and successful.

131. The Government have afforded substantial help to the industry during the present difficult period of transition. Special preference has been given to the use of coal by the electricity industry and in the heating of public buildings. The Coal Industry Act 1965 provided for the capital reconstruction of the industry by relieving the Board of £415 million of its accumulated debt, and for grants of up to £30 million during the period 1966–67 to 1970–71 to meet
half the Board's additional expenditure in connection with the human and social costs arising from the closure of collieries. The incentives to new industrial enterprises described in Chapter VIII are available to those established in areas of South Wales where coal-mining has declined, and in particular the Government have since November 1964 authorised the building of eighteen advance factories in those areas.

132. The successful completion of the programme of concentration will improve the strength of the coal industry in Wales, which has the advantage of its special coals, new collieries of considerable potential and the prospect of obtaining improved results from the large amount of capital invested in it. There was an encouraging rise of 4.8 per cent in output per manshift in 1966 in the South Western Division, compared with an increase of only 1.3 per cent in the industry as a whole; and absenteeism has fallen to its present average level of 19.4 per cent from 20.7 per cent a year ago. Moreover, the latest financial returns show that losses in the South Western Division in the first half of 1966-67 were the lowest for several years. This improvement must to some extent be attributed to the beneficial effects of the capital reconstruction in the industry. These encouraging developments will help coal to compete with other fuels and to make a continuing contribution to the nation's energy requirements.

STEEL

133. Throughout the revolutionary technological changes that have occurred since World War II, Wales has maintained its traditional place as one of the main steel-making areas of Britain. The economic prospect for Wales is still, and will continue to be for the foreseeable future, strongly influenced by the fortunes of the steel industry. At present the industry is facing serious problems, particularly a world-wide surplus.
of capacity; but the Government believe that, by taking the major part of the industry into public ownership, important new opportunities will be created for improving efficiency. The National Steel Corporation, owning all the major steel works in the country, will be in a position to undertake positive planning of the development of the main part of the industry as a whole; to concentrate production on the most efficient and best placed works; and to reorganise the nationalised sector into larger units of management, comparable in size with those of our chief overseas competitors. The responsibility for the future structure and location of the industry will rest primarily with the Corporation; but there can be no question that Wales, with its modern steelworks, important reserves of limestone, high quality coking coal and access to deep-water ports, is unusually well placed to remain a key area in the United Kingdom's steel industry of the future.

134. Steel production in Wales is concentrated on flat-rolled products - sheet, coil and tinplate. In 1966, 8.2 million tons of crude steel, 34 per cent of the total for the United Kingdom, were produced in Wales; and 3.7 million tons of sheet and 1.2 million tons
immense changes in both these sections of the industry, the erection of great new up-to-date plants and the closure of some 500 hand tinplate mills and virtually all the smaller steelworks. The industry is now largely concentrated at the four integrated works of the major companies, the Elwy Vale Works and the Spencer Works at Llanwern of Richard Thomas & Baldwins; the Margam and Abbey Works of the Steel Company of Wales and its associated tinplate works at Swansea and Llanelli; and the Hawarden Bridge Steelworks of John Summers & Sons at Shotton. There are several other important works producing different steel products, the largest being the Guest, Keon and Nettlefold Group's plants at Cardiff and Brymbo. Just over three-quarters of the Principality's steel-making capacity is in South Wales, and the remainder in North-East Wales. The number of people employed by the major steelworks in Wales at the end of 1966 was 69,000 compared with 70,650 at the end of 1965.

Since 1953, out of the steel industry's total capital expenditure in the United Kingdom of about £1,280 million, some £390 million was spent in South Wales and about £80 million in the area centred on the North Wales steel industry. By 1970, capacity in Wales from existing plant and planned expansion already approved should rise to 10.7 million tons, out of the total United Kingdom capacity of 34 million tons a year. Some 300,000 tons of additional finished sheet capacity will be needed in the United Kingdom by 1970, and, to meet this, the capacity of the Spencer Steelworks is to be raised from 1.5 million to 2 million ingot tons a year at an estimated cost of £3.5 million. Companies have proposed expenditure on other fresh development estimated to cost about £83 million.

The iron and steel industry in Wales, in common with the industry as a whole, has been affected by the adverse economic
conditions in Britain: its output of crude steel in 1966 fell 4.8 per cent below that in 1965, against a fall of 10 per cent in the United Kingdom as a whole. The Welsh steel industry is particularly susceptible to fluctuations in the demand for steel from manufacturers of motor vehicles and consumer durables and any recession in those industries causes reduced activity at Welsh steelworks. Steel generally, and tinplate in particular, is also subject to intense competition from other materials, such as plastics, aluminium, glass and foil, and this will affect future demand. Moreover, because of the world-wide surplus of steel manufacturing capacity, producers in the United Kingdom face difficulties in maintaining exports of finished steel at economic prices and in competing with imports. Despite these adverse trading conditions, exports of steel sheet from the United Kingdom in 1966, which came very largely from Wales, were about 1.1 million tons, or some 50,000 tons more than in 1965; and exports of tinplate, amounting to 392,000 tons, were only slightly less than in 1965.

137. A major problem in at least one of the larger steelworks in South Wales is over-manning: the surplus has been variously estimated as between 6,000 and 9,000 men, and a reduction of this order in the manpower force is expected by 1970. This reduction in manpower should be partly met by natural wastage, but a large number of workers will be become redundant.

138. The construction of new port facilities at Port Talbot for the Steel Company of Wales will make it possible to import iron ore in large carriers, bringing increased efficiency and reduced costs. The new harbour will be able to accommodate initially carriers of 65,000 deadweight tons, with the capability of being extended to receive vessels of at least 100,000 tons. The British Transport Docks Board have promoted legislation empowering them to provide an iron-ore terminal at Uskmouth to serve the Spencer Steelworks. This terminal would take the form of an impounded basin and a dredged approach channel capable of taking carriers of at least 65,000 deadweight tons. These port facilities will greatly help the Welsh steel industry.
CHAPTER VII

THE HOLIDAY INDUSTRY

The Existing Position

139. With the fine natural assets at its disposal, the Welsh holiday industry has outstanding possibilities of further development. In most rural counties tourism forms, with agriculture and forestry, the basis of the economy: even so, its potential is far from being realised, not least in the attraction of overseas visitors. Wales has the coastal, scenic and other resources to serve to an increased extent the growing demand in Britain for holidays and a much greater flow of foreign tourists. To achieve this growth, beneficial to both the British and the Welsh economies, co-operative action will be needed by those concerned in fostering the industry.

140. Far-reaching developments are already in train. Following the reports of the Council for Wales (Cmd. 1950) and the subsequent Cole Working Party, the Wales Tourist
Board, who work in close association with the British Travel Association, have re-shaped their organisation to unite the efforts of holiday interests both in the Principality as a whole and in eight local areas. Their promotional activity has been increased and their publicity material substantially improved. To enable them to establish a sound basis for future development, the Government have given the Board a special grant of £40,000 to carry out an intensive three-year programme of research.

141. The Board's research work has shown that, in the 1960's, ten to twelve per cent of British holiday-makers stayed on holiday in Wales. Total holiday spending in Wales amounted to about £50 million a year. Self-catering holidays have increased in popularity: rented cottages, flats, caravans and tents give visitors greater freedom of activity; and Wales is particularly well equipped to provide such holidays. Of some 210,000 licensed caravan pitches in Britain, over one-fifth are in Wales and the proportion is growing. Wales now entertains nearly four million holiday visitors a year. Most of these travel to the five North Wales counties, which are convenient to the industrial North and Midlands of England and provide about two-thirds of the 350,000 tourist beds in Wales. The popularity of South Wales, with its new developments at Barry and Aberavon, and of West Wales is also growing. Outdoor recreation facilities - climbing, sailing, fishing and pony-trekking among them - have developed rapidly in all parts of Wales. There are facilities at a number of centres suitable for the holding of international gatherings in different sports, and these could be more fully used if hotel accommodation increased.

The Future

142. Future prospects are still more promising. While main holidays taken in Britain are not expected to increase by more than about 10 per cent by 1980, they are
likely to last longer and to be supplemented by many more "second holidays" and day trips. In the same period the annual influx of overseas visitors to Britain could well double. With a larger recreation area for development than almost any other part of Britain, Wales is well placed to cater for a greatly increased trade. The Wales Tourist Board estimate a total tourist expenditure in Wales of over £100 million annually by 1981 from over 5½ million visitors and a much larger traffic of day trippers. The greater part of the increase is expected to result from the growing demand for self-catering holidays, although a large number of caravan sites are likely to be converted into holiday camps and this trend is already apparent. The number of visitors requiring hotel accommodation should also rise, to nearly 750,000 a year, partly through an increase in those from abroad. Wales should therefore be able to double its earnings from the holiday trade over the next fifteen years or so, but there will need to be continuing efforts to raise standards so that visitors may enjoy modern comforts as well as the traditional welcome which always awaits them.

Measures required

143. To accommodate this substantial growth, the Welsh holiday industry will face challenging tasks. The increasing pressure on holiday resources in Wales requires more than separate action by individual interests. There is serious risk that, without careful planning, the attractions of Wales, far from being enhanced by holiday development, will be swamped by masses of cars and caravans. It will be essential to draw up and implement development plans to ensure that the needs of visitors are met, and that the amenities of each area are adequately safeguarded. These plans will need to take into account the kind of holiday that individual localities
are best fitted to provide; their capacity to receive visitors and to increase that capacity; the measures required to develop or preserve the area's attractions; and the possibility of extending out-of-season activities. All this will be largely a matter for the local planning authorities and the Wales Tourist Board.

144. The Government will assist the effort which the task demands. Substantial improvements of routes leading into Wales have already made access quicker and easier for holiday visitors. The extensive programme of further road improvements described in Chapter IV will bring advantages for tourism. Through the designation of National Parks and Areas of Outstanding Natural Beauty, and through other measures to preserve the attractions of the coast and countryside described in Chapter XI, the Government are aiming to safeguard the amenities of Wales. They are encouraging a more positive policy of recreational development on the lines set out in the White Paper on Leisure in the Countryside (Cmd. 2928); and in this context the study of the recreational potentialities of Mid-Wales, which is being jointly carried out by the Welsh and West Midlands Economic Councils, will be helpful.

145. A major concern of the Government is to help in measures to increase the flow of overseas visitors to Britain. The estimates presented to Parliament envisage a grant to the British Travel Association for 1967-68 of £23·5 million compared with £22·5 million in 1966-67 and £22 million in 1965-66. Out of this the Association promote holiday traffic to Britain including Wales. In this connection they are making a total payment of £35,000 to the Wales Tourist Board in 1967-68 which is more than double the figure for 1966-67. The income of the Wales Tourist Board for 1967-68 will be around £80,000 compared with £55,000 for the previous year. With the prospect of increasing revenue from commercial and other sources as well, the Board will be able to strengthen its position and to play an even more active part in attracting holiday makers to Wales.
In the Development Area, Government loans and grants are available for projects, including hotels, which will provide employment. Wales, like other parts of Britain, can benefit from these measures, but much will depend on the success of efforts by the holiday industry to "sell" Wales to the overseas visitor.

146. Progress will also depend on the willingness of local authorities and holiday interests in Wales to contribute to promotional activity. Some are alive to the value of increased tourism and generous with their help, but many who benefit from the work of the Wales Tourist Board are doing little to assist it. The Board are conducting a campaign to increase support for their activities and the Government very much hope that this will receive a sympathetic response.
147. A rapid expansion in the size and variety of manufacturing industry in Wales has accompanied the decline in employment in some of the older industries. In contrast to the narrow range of industrial operations thirty years ago, virtually every kind of manufacturing activity now finds some representation in Wales. Between 1950 and 1966 the chemicals group of
industries increased its employment by a third to more than 26,000; this includes such new developments as the oil installations in South Pembrokeshire, petro-chemicals at Port Talbot, and plastics at Barry. The older-established man-made fibres industry on Deeside and newer plants at Wrexham and at Pontypool have helped to increase employment in the textiles industry to nearly 18,000. New factories at Gorseinon, Bridgend and Treforest have helped to raise the number of jobs in the paper industries from 7,000 to 12,000. Many areas in Wales have branches of the clothing industry, which has grown to employ nearly 16,000 workers. There has been a marked growth of employment in other production industries: in the metal goods industries by a quarter to 24,000; in engineering and electrical goods by 70 per cent to nearly 53,000; and in the miscellaneous group known as "other manufacturing industries" it has more than doubled to over 15,000. Companies connected with motor-vehicle manufacture, operating in many parts of the Principality, provide work for nearly 22,000 people. There are sectors, such as ship repairing, in which employment has declined; but the net result of changes between 1950 and 1966 is that employment in manufacturing has steadily increased, independently of periods of economic difficulty in Great Britain as a whole, from about 277,000 to nearly 331,000. This shows the growing attractiveness of Wales as a location for manufacturing industry.

148. Much of the increased manufacturing activity has been undertaken by companies which had previously operated outside Wales. More than 500 such enterprises have been attracted to Wales since 1945. Experience has shown that there is no ground for the fears once held by some that enterprises so established might be specially liable to feel the cold wind of temporarily unfavourable economic conditions. On the contrary, the majority have put down strong roots and conferred considerable benefits on the Welsh economy.
149. There are sound reasons for this healthy growth. New enterprises have helped to harness under-used labour resources and have benefited from the natural advantages of Wales described in Chapter II. They have found workers easy to train and quick to adapt themselves to new processes; they have enjoyed a higher degree of labour stability than in areas where competition for workers is more intense; and, with up-to-date and well-equipped premises, they have started with good prospects of successful operation. Enterprises linked with companies outside Wales have the further advantages of being able to draw on the expertise and larger resources of the parent organisations and to use the latter’s access to developed export and other markets. Some branch factories have proved so successful that their parent companies have moved their entire operations to Wales.

150. It is encouraging that this vigorous progress has not been limited to enterprises in the eastern and more accessible half of Wales: many, including large-scale companies with household names, have successfully developed in the more westerly areas. With the rapid improvement of communications, the advantages which industry can gain from settling in areas formerly regarded as remote are increasing.
A modern industry which has a special place in the economy of Wales is that based on oil. Since the last War, successive Governments have encouraged the home refining of crude oil, and between 1947 and 1966 refinery capacity in the United Kingdom increased from 2.3 to 82.5 million tons a year. Home refining offers great advantages: it reduces the foreign exchange costs of oil imports; avoids dependence on foreign refineries, so ensuring the security of supplies; attracts foreign investment and orders for plant; and stimulates the development of oil-based industry. By 1970, the annual output capacity of refineries in the United Kingdom should be close to 100 million tons, compared with an estimated demand for inland use and for bunkers approaching that total.

The first major oil refinery in the United Kingdom, owned by the British Petroleum Company, at Llandarcy, near Swansea, began operating in 1921 and now has a throughput...
of over 8 million tons a year. Crude oil for this refinery is received at Angle Bay on the south shore of Milford Haven, and pumped by pipeline to Llandarcy. Two other refineries are now in operation, both on Milford Haven, one owned by the Esso Petroleum Company with a throughput of over 6 million tons of crude oil a year, and the other owned by the Regent Refining Company with a throughput of 5 million tons a year. A new refinery with a throughput of 3 million tons a year and an associated petro-chemical plant with a capacity of over 200,000 tons a year are now being built at Waterston, Milford Haven, for the Gulf Oil Refining Company. These two installations are expected to be fully operational by mid-1968, and on completion of the refinery, about 22 million tons per annum, or about a quarter of the total refinery capacity of the United Kingdom will be located in South Wales. The rapid development of the industry in Wales has owed much to the fine natural harbour at Milford Haven, where the sheltered deep water enables tankers of over 100,000 tons to unload their cargoes and which in 1966 handled no less than one quarter of the total of the United Kingdom's imports of crude oil. The deep water channel at Milford Haven is being improved in order to accommodate tankers of up to 200,000 deadweight tons.

153. There are good prospects of further growth. Refinery capacity in the United Kingdom should continue to increase over the next ten years, either through the expansion of existing refineries or through the building of new ones. Suitable locations for this further development exist in both North and South Wales. The oil industry provides a basis for other industries using oil as their raw material, and there are already important examples in the petro-chemical complex based on the products of the Llandarcy Refinery: in the E.M. Edwards' Works of the Wales Gas Board, which is adjacent to and draws its feedstocks from this refinery; and in the oil-fired generating station being built by the Central Electricity Generating Board on Milford Haven. The Government will continue to encourage the location of oil refineries and associated industries at suitable sites in Wales.
MEASURES TO PROMOTE INDUSTRY

154. The Government are determined to accelerate the progress already made in developing manufacturing industry in Wales. Although the Principality is in many ways well placed for industrial growth, its advantages have not in themselves proved sufficient to ensure this growth on the scale needed. Industrial firms have a natural tendency to congregate in main population and communication centres and an in-built resistance against expanding elsewhere. There are often internal economies to be derived from close proximity to markets and to associated firms providing necessary services. On the other hand, unrestrained growth in congested areas tends to overstrain local resources of labour, housing, transport and other services and thus to encourage inflation; while, elsewhere, labour and other resources may be under-used, causing waste and hardship. Measures have been taken to correct this imbalance and to ensure a wider spread of prosperity and opportunity.

155. These measures are two-fold. There is, firstly, the control over industrial location. Under the Town and Country Planning Acts, applications for the consent of a local planning authority to industrial development above a specified scale require to be accompanied by an industrial development certificate granted by the Board of Trade. The Board of Trade have made vigorous use of these provisions to steer expanding firms away from London and the Midlands to those parts of the
country, including most of Wales, which are in special need of further development.

**Wales Development Area**

156. There are secondly the positive incentives available to industrialists in Development Areas under the Local Employment Acts, strengthened by the Industrial Development Act 1966. These incentives are available only in respect of projects undertaken in the new wide Development Areas which since August 1966 have replaced smaller and scattered Development Districts. The Welsh Development Area now comprises the whole of Wales with the exception of parts of South-East and North-East Wales. One important effect was that for the first time the whole of Mid-Wales, the rural parts of Carmarthenshire and Pembrokeshire, and an extensive area of Denbighshire, became eligible for a far reaching range of inducements.

157. It has been argued that the industrial development of Wales could be encouraged most economically and effectively in the districts where natural growth is easiest and which are excluded from the Development Area, and that the secondary effects of such development would gradually extend to neighbouring parts of Wales. It is true that the area in South-East Wales outside the Development Area has, in its existing industrial base, its speedily improving communications with London and the Midlands, the City of Cardiff and its other substantial towns, and its ports, great natural potentialities for further rapid economic growth. Similarly the area excluded in the North-East also has advantages of its own, particularly in its proximity to Merseyside and the Midlands. The system of Development Areas inevitably poses problems of where to draw the boundaries of the areas selected. When the Wales Development Area was created in 1966, it was decided to exclude South-East and North-East Wales; because, even without special financial inducements for new industrial enterprises, they both possess good prospects of continuing economic development. It was also considered that, if the inducements
available in the parts of Wales included in the Development Area were equally available in adjacent districts already more diversified economically, the latter would attract enterprises which might otherwise go to places in Wales where their presence is more immediately required to give employment to men released from declining industries or to help check rural depopulation. The primary objective of fostering industrial development where it is most needed could thus be frustrated.

### Industrial Premises

158. Some of the most important of the inducements available in Development Areas relate to buildings:

(a) The Board of Trade may provide premises for any suitable undertaking, on either industrial estates or individual sites. These may be of standard design or, within wide limits, tailored to suit the applicant's requirements. Such factories may usually be built to rent, normally on 21 year leases, at a rent assessed by the District Valuer on the basis of the current market value of industrial property in the district, which is generally below the economic level. By renting a factory in this way an industrialist can conserve his own capital for other uses.
(b) An effective way of influencing industrialists to accept particular locations is for the Board of Trade to build factories in advance of demand from any specific tenant.

(c) An innovation made by the 1966 Act is that firms renting a Board of Trade factory (advance or purpose-built) for a new project may qualify for an initial rent-free period of two years in cases where, in the Board's opinion, special problems have been involved in setting it up at a considerable distance from the firm's existing undertaking, sufficient to justify the special assistance.

(d) Should an industrialist prefer to own the factory himself, it may be built to his specification and sold by the Board of Trade at cost, outright or on a repayment basis spread over a period of years. Factories built in advance or which have become vacant may also be sold if the industrialist prefers to buy rather than lease.

(e) Another possibility is also offered. An eligible undertaking purchasing a new building not previously occupied, or one itself providing a new building or extending or adapting an existing building, may receive a building grant. The standard rate for this is up to 25 per cent of building costs; but again, in cases where there are special problems involved in setting up a new project at a considerable distance from the firm's existing undertaking, the rate may be up to 35 per cent. Building grants are made only on a favourable recommendation from the Board of Trade Advisory Committee, an independent statutory body.
General Purpose Loans and Grants

159. The Board of Trade may also make general purpose loans or grants:

(i) General purpose loans can be made for working capital, for the purchase of plant and machinery (excluding the amount of any investment grant, described below) and for purchasing or building premises (except where a building grant is being made or the Board of Trade are providing the premises).

(ii) General purpose grants can be offered only where an undertaking incurs initial expenses, which are unusual in nature or amount, as a result of locating the project in a Development Area: any grant made would be a reasonable contribution towards, and not a reimbursement of the whole of, such initial costs.

(iii) The Board of Trade can make these general purpose loans or grants only on, and in accordance with, the advice of the Board of Trade Advisory Committee. This body must be satisfied that there are good prospects of the project ultimately being successful without further such assistance.

160. Under other legislation, the Ministry of Labour can provide the financial and other assistance described in paragraph 100 in connection with the training of additional labour required by firms moving into, or expanding in, a Development Area.

Investment Grants

161. All the foregoing forms of assistance are conditional upon the enterprise providing a satisfactory proportion of new employment. The Industrial Development Act 1966 however also provides for investment grants, designed to improve the efficiency of those parts of the economy which contribute most directly to economic growth and the balance of payments. These grants are therefore payable irrespective of whether the investment provides...
additional employment; but they are differentiated so as to encourage development in the parts of Britain where it is most needed.

162. The Board of Trade may pay these cash grants on capital expenditure incurred, on and after 17th January 1966, on new plant and machinery for use in a qualifying process in the manufacturing, extractive or construction sectors of industry, or in research or development related to such a process. The qualifying processes include manufacture of all kinds, extraction of minerals, construction, civil engineering and ship repairing. Computers, ships, hovercraft and mining works are also eligible for grants. Certain assets are however excluded, such as road vehicles, office machinery and furniture, and canteen equipment.

163. The normal rate of grant is 20 per cent of the capital cost of eligible assets, but a higher rate of 40 per cent is payable on plant and machinery for use in Development Areas. Moreover, as a special measure to stimulate industrial investment in the period immediately ahead, the rates of grant have been temporarily increased: the rates of grant applicable to qualifying expenditure incurred in 1967 and 1968 will be 25 per cent and 45 per cent. Expenditure incurred during 1966 will of course qualify only for the 20 per cent and 40 per cent rates respectively.

Progress made since 1964

164. By making full use of existing powers and arming themselves with new ones, the Government have already secured substantial industrial gains for Wales. Whereas in the five years 1960 to 1964 new factory floor space approved in Wales was at an annual average of 3.0 million square feet, the comparable figure for 1965 was 4.5 million square feet and in 1966 it reached the exceptional level of 9.2 million square feet. The space approved in Wales in 1966 is estimated, after making allowance for a change in definition which affects the figure for Great Britain, to have accounted for something like 9 per cent of the latter, whereas Wales has only 5 per cent of the population of Great Britain.
Figures prepared for the Annual Reports on Government Action and Developments in Wales contained in Table 3, which cover all types of industrial development, including expansions by firms already in Wales, show a similar encouraging trend. In all years a proportion of projects do not materialise, or provide less jobs than was anticipated, but employment is nevertheless constantly coming into being from projects initiated in earlier years.

TABLE 3

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Number of Developments</th>
<th>Eventual Additional Employment Estimated by the Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>107</td>
<td>254</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,700</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,700</td>
</tr>
<tr>
<td>1964</td>
<td>147</td>
<td>254</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,700</td>
</tr>
<tr>
<td>1965</td>
<td>162</td>
<td>345</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34,000</td>
</tr>
<tr>
<td>1966</td>
<td>183</td>
<td>345</td>
</tr>
<tr>
<td></td>
<td></td>
<td>22,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34,000</td>
</tr>
</tbody>
</table>

These estimates omit any employment to be given eventually in factories built by the Government in advance of specific demand, but not yet allocated to a tenant. The Government have made vigorous use of this incentive. Since October 1964, it has been announced that 28 such "advance factories" are to be built in Wales with a total area of 415,000 square feet (compared with eight factories with a total planned area of 119,000 square feet in the preceding five years, which has subsequently been extended to a total of 235,000 square feet). At the request of prospective tenants, the sizes of
four 10,000 square feet factories in the current programme are being increased: the engineering firm taking the factory at Blaenau Ppcestiniog requiring a five-fold increase to 51,000 square feet; another engineering firm in the Rhondda requiring immediate extension to 37,000 square feet; the Bargoed factory, which is to make plastic and paper containers, being increased three-fold to 29,000 square feet; and a 50 per cent extension being needed to the Pontardulais factory. The total space to be provided in the 28 factories will thus reach 508,000 square feet.

166. Firms which in the last two years have agreed to open in Wales for the first time total 67 in number and selected widely dispersed locations. They include some of the best known names in British and American industry. North-West Wales has been chosen by, for example, the Wellman-Smith-Owen Corporation for engineering at Llangefni, and by Smith-Corona Ltd. for typewriter assembly at Portmadoc. In North-East Wales the newcomers will include the Firestone Tyre Company, British Insulated Callenders Cables, and Cadburys Ltd. at Wrexham; while South Pembrokeshire has acquired a unit of the important electronics firm, Solartron Ltd. West South Wales will gain substantially from the decision of the Ford Motor Company to purchase and expand a large Government-provided factory at Swansea to produce car components, while other important new acquisitions include Alkaline Batteries Ltd. at Pontheny and Jefferson Chemicals Enfield Standard Power Cables/at Llanelli. East South Wales has been favoured by several incoming industrialists of major standing, notably Johnson & Johnson who will make pharmaceutical products at Moem-y-Owener; Perkin-Elmer Ltd., the American scientific instrument makers, who have selected Llantrisant; and Austin-Crompton Parkinson Ltd., who will make electric vehicles at Tredegar. Mid-Wales, with its smaller labour resources, cannot accommodate large projects but welcome developments have included Setten & Davward (metal stationery wares) at Llandrindod Wells,
Robertson Thain Ltd. (plastic goods) at Welshpool, and the Brockhouse engineering group at Aberystwyth.

167. Firms already operating in Wales are also playing a major part in the growth of manufacturing activity. Indeed, the expansion of existing firms, which are eligible for the inducements available in Development Areas, accounts for more than 80 per cent of the additional employment expected to arise from the developments notified in 1966 and referred to in paragraph 164.

168. The Development Corporation for Wales was established in 1958 by industrialists to support the efforts of Government in inducing new industry to establish itself in Wales. Until the financial year 1966-67 the Corporation was wholly financed by means of contributions from industry which, in the last nine years, has provided some £150,000 to the Corporation. Last year the Government paid a grant of £5,000 to the Corporation and will pay another £5,000 this year and £2,500 in 1968-69. In addition to providing a great deal of literature about the attractions of Wales as a location for industrial development the Corporation has been responsible for organising a number of exhibitions in Great Britain and missions to overseas countries.
Office Employment

169. There are also substantially improved prospects for office employment in Wales, particularly from the dispersal of Government offices. Among other developments, the Government have decided to set up a Land Registry at Swansea; an office at Cardiff to administer the new investment grants for Wales, the Midlands and South-West England; an office of the Land Commission at Cardiff; offices of the Inland Revenue Department at Cardiff and Newport; and a new Passport Office at Newport. These establishments will employ a total staff of about 3,500, many of whom will be recruited locally.

Mobility of Labour

170. A changing industrial structure calls increasingly for labour mobility of three kinds, between industries, between occupations, and between areas, and this mobility is essential to the progressive modernisation of the economy of Wales. To lessen the hardships of such disturbances, the Government have provided for the payment of lump sums to workers made redundant, and of earnings related supplements to unemployment benefit. The help which can be given towards adapting skills is described in paragraphs 190-202 below. For workers obliged to move, financial assistance towards removal and resettlement costs is available.

Further Steps

172. It was clear from the calculation made in March 1967 of the possible gap between the supply of and the demand for male labour in 1971, which is set out in paragraphs 93-100, that further steps are needed to increase employment opportunities for males in Wales; and, since March, the Government have already taken a number of decisions which will serve to improve the position in 1971 as it was forecast in March.

172. In particular, they have decided, in pursuance of their policy of dispersal, that the new Royal Mint which is required shall be built at Llantrisant. Its first task will be to produce the new decimal coinage and a work force of about 400
to 500 will be recruited, mainly from the surrounding areas. These workers will continue to be needed when the Royal Mint itself moves to Llantrisant, which will be by 1973 at the latest. They have also decided, as is recorded in paragraph 339, to appoint consultants to advise on urban growth in the Llantrisant area and its neighbourhood.

173. The Government have similarly decided to establish at Swansea an office for goods vehicles test bookings, which will begin to operate next year. An office for motor vehicle registration and licensing and drivers' licensing, with a computer, will also be established at Swansea. Building work on it is expected to start next year and to be completed by 1972, and it is likely, when fully operative, to need a staff of about 2,500. The goods vehicles office will eventually be integrated with the licensing organisation, providing a national computerised service for the whole country.

174. The Memorandum "The Development Areas - A Proposal for a Regional Employment Premium", which was published by the Department of Economic Affairs and the Treasury on 5 April, contained an analysis of the general problem of Development Areas and put forward one possible method by which the disparity in unemployment levels between those Areas and the rest of Britain might be reduced. The Government are carefully considering the comments that have been made on this Memorandum and are confident that out of the public discussion it has stimulated, proposals will emerge which should enable them to make further substantial steps forward in dealing with the problems of areas of the country such as Wales.
INDUSTRIAL SITES

175. Without a reasonably attractive site, readily available, new industrial development is virtually impossible. Fortunately, except in some of the more constricted valleys, there is throughout most of Wales an ample supply of potentially suitable land.
In South Wales, where the need for well distributed sites of varied size is greatest, more than 9,000 acres of potentially suitable land exist, of which more than 2,500 acres have been allocated for industrial use in county and county borough development plans. This allocated land, comprising some one hundred and forty sites, includes ten ranging from 50 to 200 acres and one of over 200 acres. The land not allocated in development plans, but regarded as potentially suitable subject to planning procedure, includes seventeen sites of between 15 and 200 acres and five of over 200 acres. Over 80 per cent of the 9,000 acres lies in the coastal plain stretching from Kidwelly to Chepstow and is well distributed to meet the needs of the area. In the well populated mining valleys to the north, however, only about 1,350 acres of potential industrial land were found, and much of this would require extensive preparation before being brought into use for industry. In some of these valleys, physical difficulties limit the possibilities of large-scale development, but local authorities can contribute to the well-being of their districts by ensuring that smaller sites, including derelict land, are cleared or made available for industry. Elsewhere in Wales, where the pressure of population on the available land is less intense, there is, in general, no serious shortage of possible sites: West Wales has ample flat land, including considerable acreages for large-scale development in South Pembrokeshire; in Mid-Wales local authorities have been successfully encouraged by the Mid-Wales Industrial Development Association to set aside or prepare industrial sites; while in North Wales sufficient land should be available to meet foreseeable industrial needs. There should be no difficulty in meeting the requirements of projects with a special need for sites adjacent to sheltered deep water.
Difficulty is most likely to arise, not so much from a lack of land as from a lack of attractive sites in a sufficient state of readiness. It is not always economically feasible to lay out and provide services to sites in advance of demand, but some degree of preparation may well be justified, particularly where the need for development is urgent. The Government, for their part, aim to have limited reserves of land in strategic locations which can be quickly brought into use for industry; and the industrial estates owned by the Board of Trade in Wales are one major source of such land.

The Board of Trade already own or are in the process of acquiring land for industrial building which will total just under 400 acres. Some 90 acres are available at Swansea, over 80 acres at Kenfig, and over 70 acres at Llantrisant. Land is also available at the Wrexham Industrial Estate in North Wales. In addition, small parcels of land suitable for early development are held at other places in Wales. The major holdings of land in South Wales at Swansea, Kenfig and Llantrisant are geographically well placed to cater for the needs, not only of the areas immediately adjacent to them, but also of the valleys which lie behind them. Many local authorities in Wales have also been active in preparing industrial estates and individual sites.
For the benefit of intending developers it will be important to maintain up-to-date information about sites for industry. A special survey is being made in the Welsh Development Area by the Welsh Office, in consultation with the Board of Trade and local planning authorities, and the results will be embodied in a register of sites available at the Board of Trade Office for Wales for any interested in establishing industrial enterprises. Advice on suitable sites can also be provided by the Mid-Wales Industrial Development Association.
To stimulate further growth, it is important to press ahead with efforts to raise industrial efficiency. What has already been achieved is encouraging, but in conditions of intense and growing competition it is vital to take advantage of new technologies, materials and processes. Comprehensive machinery has been established by the Government, or with Government support, to encourage more efficient operation. The National Economic Development Council and the Economic Development Committees for individual industries are bringing the concentrated attention of the Government and both sides of industry to bear on measures to improve productivity, increase exports and generally raise levels of performance. The British Productivity Council, through its office and committees in Wales, is also concerned to bring management and employees together in efforts to increase standards of efficiency. In South Wales, where more than 400 firms are members of productivity committees and associations, some 150 events were arranged in 1966-67 to further the study of new techniques and the cross-fertilization of ideas. The value of these studies and discussions lies mainly in the practical application of the new ideas they bring to the surface. Shortage of capital need not be a barrier to the adoption of new
manufacturing techniques, since firms in Wales, especially in the Development Area, can take advantage of the substantial Government assistance described in paragraphs 161-163.

With increased output should go increased attention to quality, reliability and design: customers at home and abroad are increasingly well organised and educated to demand the highest standards. There is scope for raising these standards in both the new and older sectors of Welsh industry; and, while the larger and more progressive firms have responded to this need, the record of many of the smaller firms has been disappointing.

TECHNOLOGICAL DEVELOPMENT

Speedy application of the results of research and development to industrial processes is most important to the growth of competitive industry. Britain's expenditure on research and development is relatively high and our output of scientific ideas and information is impressive, but we are not reaping a full return from our efforts. The major responsibility for greater progress rests on industry, but the Government can and do help.

Research and Industry

Industrial research and development is at present very unevenly distributed between different firms, most of it being carried out by a handful of the larger concerns. Some two-thirds of industrial research in Wales is done by one-third of the manufacturing industry there, including one firm which, with about 2 per cent of the manufacturing labour force, employs some 12 per cent of all graduates in Welsh manufacturing as in the rest of Britain, but many firms, including some which are concerned with new or advanced products or processes, do little research themselves and pay scant attention to work done elsewhere.
Many enterprises need to develop research facilities of their own, or at least to take more advantage of research carried out at central industrial laboratories, Government stations and the universities.

183. The rapid growth of research work in its University and technical colleges is of major significance to Wales. Since the War, the science departments of Welsh colleges have been substantially re-housed and re-equipped. In the five years ending 1966-67, expenditure by the University of Wales on scientific and technological facilities exceeded £10 million, including over £7 million on new buildings. At Swansea, for example, the new applied science building and facilities, completed at a cost of approximately £4 million, compare favourably with those of any other similar establishment in Britain. Government support for research projects in Welsh colleges has also been substantially increased, the total of current research grants awarded having now reached nearly £1 million. The colleges are anxious to help in solving the practical problems which industry is facing and industrialists in Wales should seize this opportunity. Many successful projects have been pursued by the colleges in collaboration with some of the larger industrial companies in Wales, but many of the smaller companies have failed to appreciate the value of these facilities on their doorstep. The University colleges and the College of Advanced Technology, as well as some of the technical colleges, are well equipped to carry out research, design and development work for industry in special fields. The School of Engineering Science at Bangor, for example, can greatly assist commercial developments in the fields of scientific instrumentation and industrial control systems, whilst other departments at Swansea, Cardiff and Aberystwyth offer many possibilities in metallurgy, electronics, engineering, chemistry and other fields. Co-operation between industry and the colleges can
spur technological advance in the former and direct the attention of the latter to important practical problems.

**Assistance by the Ministry of Technology**

184. Since the First World War successive Governments have supported the activities of industry by themselves developing research facilities in many fields. These facilities and their findings are readily accessible to Welsh industry, and provide one of the easiest ways for industry to keep abreast of progress.

185. The Ministry of Technology help industry to seek out and apply new technical knowledge, whilst keeping closely in touch with industry's needs for programmes of research, development and technical support. As part of a national network, five industrial liaison centres have been based on the Welsh College of Advanced Technology at Cardiff and technical colleges at Swansea, Newport, Treforest and Connah's Quay. These centres are responsible for promoting technological innovation in the smaller and medium-sized firms and offer a wide-ranging technical information service to help solve industrial problems. Other new advisory services, including mobile demonstration units, are being developed.

186. The Ministry of Technology and the National Research Development Corporation can also provide financial backing for the development of new products or processes. In suitable cases risk capital can be made available on a joint basis with firms for this purpose. This work may be carried out in collaboration with university departments, Government laboratories or industrial firms. National Research Development Corporation projects already in progress in Wales include a modest contract with a small precision engineering firm for the development of a self-aligning epicyclic gear, and support for the complete automation of a production line for the manufacture of floor coverings from the raw material to the packed product. Enterprises in Wales with the necessary capability and foresight can take advantage of financial and technical co-operation of this kind to reduce the risks of taking bold steps forward.
In today's highly competitive conditions, management itself must have an understanding of the advances that are being made in techniques and the ability to assess which of them are most likely to prove profitable. This can be done by giving scientists and technologists wider opportunities of participating in management, but it also requires up-to-date training of executive personnel. These considerations are neglected by many companies in Wales. Senior management courses offered by Welsh colleges are not well supported, particularly by the smaller and medium-sized companies, and few of these firms operate their own schemes or make use of trade association facilities. While it may be difficult for the smaller firms to spare managers and trainees for long academic courses, it would often be possible for the colleges to devise mutually convenient arrangements for courses of most practical use to such firms. The Welsh College of Advanced Technology and three colleges of technology in South Wales offer courses of a post-graduate type for the Diploma in Management Studies, organised on a block-release or part-time basis, and thus particularly suitable for people already in industry; and the University of Wales are in the process of developing courses in management studies at both undergraduate and post-graduate level. The Welsh Committee of the Central Training Council have taken considerable interest in management training, in the reasons for the poor support of the management training courses at Welsh colleges, and in the relevance of such courses to the training needs of managers.
They have encouraged research by Cardiff University College, supported by the Government, into methods of determining training needs and of validating training methods. The Welsh Committee have submitted their views on this question to the Central Training Council, who are now drawing up long-term plans for the training of managers.

Graduates

188. The output and employment of people qualified to initiate and develop new industrial processes is crucial to technological development. Several important sectors of manufacturing industry in Wales, including engineering and electronics, employ far fewer graduates than the United Kingdom average for their industry, and often do not offer satisfactory career opportunities to those whom they do employ, which in turn makes recruitment more difficult. It is essential for industry to use the special abilities of the graduate, and for the colleges to ensure that their training is related to industrial needs.

Automation and Computers

189. Growing enterprises will increasingly need to apply automation and computers to their industrial processes. There is considerable scope for the wider application of low-cost control and inspection devices throughout industry, apart from the highly sophisticated systems of automation which are expensive to design and install. Some eight-five computers are now installed in Wales and others are on order. Many of these are used in industry for data processing, design calculations and process control, and a number outside industry have time available on their machines. The large industries, for example steel, have been particularly active in employing this powerful tool, but there is a need for smaller firms, in particular, to look closely at the assistance it can provide.
If the use of computers in Wales follows the national trend, there should be about 190 in operation by 1970 and over 300 by 1974. To speed the use and development of computer techniques, and to help relieve the acute shortage of qualified staff, the Government have set up a National Computing Centre at Manchester, which needs to be supported in Wales by the further development of educational and training courses in Welsh colleges and other centres.

INDUSTRIAL TRAINING

190. Training of industrial labour is particularly important in Wales, where many workers will move into new industries requiring new skills, and where shortages of skilled workers could impede the introduction of these industries. Even craftsmen who do not change their industries must be ready to adapt their skills to meet changing needs, advances in technology and the use of new materials. There is a human, as well as an industrial problem, because both young people entering industry and those already employed in it need to feel that they are doing a useful and satisfactory job.

In Industry

191. Changes in the industrial structure in the past two decades have improved the range and capacity of training available in Wales. New enterprises using mass production methods demanded new skills in their toolrooms, machine shops and fabrication departments which Wales could not at first meet, and many established training organisations to train their own workers. Despite the rapid expansion of industry, shortages of craftsmen have remained relatively constant and marginal, and exist largely because training is time-consuming and expansion has outpaced the rate of training.
There remains much unrealised potential in the contribution that men and women in Wales could make to the economy. More than three-quarters of the unemployed do not possess skills used in modern industry and these, like most men from the basic industries who change their jobs, will be unable to realise their full abilities until they acquire new skills. There is also untapped potential among young people, as Table 4 illustrates.

**TABLE 4.**
Comparison of Training Available to Pupils who Left School for Employment in 1966

<table>
<thead>
<tr>
<th>Boys</th>
<th>Wales</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticed to skilled trades</td>
<td>36.6</td>
<td>42.4</td>
</tr>
<tr>
<td>Entered work offering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>little training</td>
<td>52</td>
<td>34.1</td>
</tr>
<tr>
<td>Entered professions, clerical work and work offering short courses of training</td>
<td>11.4</td>
<td>23.5</td>
</tr>
</tbody>
</table>

| Girls                        |       |               |
| Entered clerical work        | 28.6  | 40.1          |
| Entered work offering        |       |               |
| little training              | 56.3  | 37.8          |
| Entered apprenticeships, professions and work involving short courses of training | 15.1  | 22.1          |

There is room for more youths to be apprenticed, and the availability of girls for clerical work should attract offices to Wales. A number of firms have reduced the apprenticeship period from five to four years by the adoption of more systematic methods of training; and this gives industry greater flexibility to meet new situations as well as a more rapid increase in the supply of skilled workers.

193. The increasingly specialised processes of industry make standardised training methods less effective except in imparting general skills, and most industrial training must be closely matched to specific jobs in individual firms. It is therefore difficult to anticipate the training needs which may
arise in any area until the requirements of individual firms are known. Individual enterprises cannot usually train many more skilled men than they require themselves and, since there are some which offer little training, some form of co-ordination is necessary. Until 1964, the Minister of Labour had no powers to influence the situation except by exhortation and, when shortages had become apparent, by training provided in Government Training Centres.

The Industrial Training Act 1964

1964. In order to secure an adequate supply of trained workers, to improve the quality of training, and to distribute the cost of training more fairly between firms, powers were obtained under the Industrial Training Act 1964 to establish industrial training boards for particular industries, each responsible for the adequacy of training at all levels in its own industry. The boards are required to evaluate the training being done and are empowered to levy from firms a contribution to the total cost of the industry's training effort. They pay grants to employers providing training to approved standards, and in this way both influence the quantity and quality of training and redistribute more equitably the total cost. The adoption of planned systematic training will be encouraged by the boards and this will help shorten training periods. The overall volume of training required in particular industries will be determined by the boards in consultation with the Ministry of Labour's Manpower Research Unit and the Economic Development Committees. If necessary, boards may themselves provide training in their own centres. Eighteen industrial training boards have been established so far, extending over most of the manufacturing sector and activities as diverse as agriculture, road transport and hotel and catering, and they now cover nearly half the employees in Wales. Additional boards are being set up for the food processing, distribution,
petroleum, chemicals and rubber processing industries, and the influence of boards should rapidly spread over the industrial life of Wales.

195. The Central Training Council were appointed to advise the Minister of Labour on the exercise of his functions under the Act and on any matters relating to industrial and commercial training he may refer to it. As a result of the Act the old Industrial Training Council was abolished, but provision was made for the consultancy service it had given to
continue under a new body, designated the Industrial Training Service, with a board of directors appointed from members of the Central Training Council. Officers of the Service give assistance to industries and to individual companies to develop training schemes at all levels, including group training schemes.

196. The Central Training Council have constituted a Committee for Wales to examine the implementation and operation of the Act in the Principality and to promote additional training effort. The Committee, in particular, encourage firms to employ qualified training officers, who are key figures. A sample survey of some 350 firms in Wales made in 1966 revealed that the number of companies employing their own training officers had risen from 33 to 61 since 1964, a further 16 were planning appointments, and half the firms surveyed had expert help of some kind in planning their training. Firms that are too small to employ training officers have been urged to form group training associations employing group training officers, and eleven such associations, comprising 92 companies, have been set up in Wales in the last two years. The Committee have given special attention to training in several industries not yet covered by boards; they have examined the contributions made to industrial training by colleges of technology, particularly in the management field; and they are currently studying problems of industrial training in Mid-Wales. The Welsh Economic Council have stressed the importance of relating the work of the training boards to the special needs of Wales, and arrangements have been made for regular consultation between the Council and the Committee for Wales.

Assistance by the Government

197. Although training in specific skills must remain largely the responsibility of industry, there are many ways in which Government assistance is made more directly available to
firms. Technical colleges provide courses of technical education associated with industrial training which are likely to develop rapidly under the influence of the 1964 Act, and they assist in training in basic skills. In 1966, first year places for apprentices available at technical colleges in Wales quadrupled and a "pilot course" is being developed to teach basic office skills to young clerks.

198. The Ministry of Labour provide, through industrial training boards, a wide range of grants designed to stimulate training; including grants for the training of training officers, towards the cost of the industrial training content of sandwich courses leading to a degree or equivalent qualification, and towards the running costs associated with additional "off the job" training places. In 1967, as a further measure, £2 million is being made available to the training boards to enable them to give grants to employers throughout Great Britain towards the capital cost of machinery and equipment installed in their training bays or centres to permit schemes of retraining for semi-skilled workers to be developed.

199. As a direct contribution, the Ministry of Labour operate Government Training Centres at Cardiff and Llanelli which together provided in mid-1967 some 577 training places in about 20 skilled trades, and 60 places for first year apprentices. There are waiting lists for most of these classes and interest in training is strong; 3,318 applications were received in 1966, more than 50 per cent of them from persons already in employment. The Welsh Economic Council have recommended that a third training centre be provided in South Wales. This is being done, and when the new centre, at Port Talbot, is fully operational the three centres will produce about 1,500 trained men per year in trades and numbers closely related to industrial needs. The Ministry's direct services also include a range of training.
courses in the skills of supervision, provided locally by specially qualified trainers. Special courses in instructional techniques are also provided for instructors in industry.

200. New or expanding firms in the Welsh Development Area can receive a wide range of training assistance from the Ministry of Labour, particularly if their needs are identified at an early stage. Assistance can include weekly grants in respect of individual trainees for additional jobs; grants for courses of management, supervisory, and technical training; half the rent and rates of temporary training premises set up in advance of factory occupation; and waiver of fees for the Ministry's courses of training for instructors and supervisors. In addition mobile instructors attached to Government Training Centres can be lent to firms to organise and begin the training of workers in semi-skilled engineering operations.

201. Agreement was reached in March 1967 on a scheme, the first of its kind, under which those concerned will co-operate, for a period of a year or so, in making use of some of the fine resources of the Royal Air Force station at St. Athan to help in the urgent task of training additional skilled men for industry.

202. The combined effect of the measures being taken by industrial training boards and of the stimulus offered by the Government's direct assistance is considerable. The Committee for Wales of the Central Training Council will seek to ensure that the objectives of these measures are fully achieved.

EXPORT PROMOTION

203. Further advances in productivity, quality, reliability and design, technology and training will help to increase the already substantial Welsh contribution to the export trade. The Welsh coal and steel industries have long accounted for the whole of the United Kingdom's exports of anthracite and tinplate. These are now supplemented by an increasing volume of the output of industries comparatively new to Wales, such as chemicals, cosmetics, electrical equipment, foodstuffs, machinery, man-made fibres, non-ferrous metals, paper and paper products, toys, vehicle parts and many other products. Manufacturers in Wales, two of whom received the
Queen's Award for Industry in the first year of the scheme for outstanding export achievements, are keen to increase their contribution to our overseas trade. They have shown this rising interest by forming the South Wales Exporters' Club, one of the first in the United Kingdom; by participating in International Fairs in Vienna and Copenhagen; and by arranging the visit of a Welsh Trade Mission to Canada in 1966. The Board of Trade keep in close touch with over 700 firms in Wales to help them with their export problems and have recently opened an office in North Wales to improve services there. The Government well understand the difficulties of developing new overseas markets and they will continue to give help and encouragement to exporting firms.

Wales offers great opportunities for industrial development. There is a good supply of suitable labour which has proved its adaptability. Communications with the industrial areas and markets of England are being greatly improved, while the work in progress on the ports of South Wales is providing better access to the world. For new industrial enterprise, sites can be made readily available and the incentives offered by the Government in the expanded Development Area of Wales give valuable financial advantages. Both new and existing enterprises enjoy the benefits of the services in the fields of technology and industrial training which have been described. The success and growth of industry will much depend on the maintenance of a high quality of management and on the co-operation of employers and trade unions in the earnest pursuit of new techniques and greater productivity. In these ways the inevitable shift of labour from traditional occupations can be accommodated as it occurs, and there can be secured for Wales an expanding prosperity spreading among the people of all parts of the Principality.
CHAPTER IX.

SERVICES

205. The economy, and industry in particular, is dependent on the provision of services. This Chapter will describe the problems and prospects of the construction industry, which is itself a large employer of labour. It will then turn to the gas and electricity industries, and finally to the important services provided by the Post Office.

THE CONSTRUCTION INDUSTRY

Structure of the Industry

206. The construction industry is dependent upon the orders placed on it for new building and for the maintenance of existing buildings. Demands on the industry are therefore closely linked to the rate of economic growth and the industry is quickly affected by fluctuations in the economy. In the two decades after the last War the work-load on the industry in Wales grew steadily. New contracts reached a peak of £170 million in 1966, and the number of employees in the industry is estimated to have increased between 1959 and 1966 from 70,000 to 84,700. The measures taken in 1965 and 1966 to deal with the economic problems of Britain checked the growth, but the current reduction of activity in Wales should be less marked than elsewhere and recovery quickened by the Government's measures for increasing economic activity.
in Development Areas. On the other hand, the run-down in major construction projects such as the Wylfa Head and Aberthaw Power Stations can be expected to result in a fall in the labour force between now and 1971. Many workers in the industry who are itinerant, following contracts as they occur, came to Wales expressly for work in existing civil engineering contracts, and are likely to leave when these contracts are completed.

In the long run, the amount of construction work in Wales, on houses, schools, hospitals, factories, offices, roads, water, sewerage and other projects, is likely to result in a steady rate of construction activity.

Few construction firms based in Wales operate on a large scale: out of nearly 3,700 such companies only about fifty employ more than a hundred workers each. The smaller companies have contributed to the considerable rise in output which has already been achieved in Wales; but, as contracts increase in size, a growing volume of work is being undertaken by large organisations from outside Wales which have the required capacity. In some parts of Britain there have been instances of smaller companies working together in order to obtain the benefits of larger contracts and of buying materials in bulk, but there has been little progress on these lines in Wales.

The ability of the industry in Wales to meet demands upon it will depend on there being a ready supply of materials, an adequate and suitably trained labour force and increased productivity.

Materials

Fluctuations in the level of constructional activity have made it difficult for suppliers of some materials to keep their production in step with demand. A steadier work-load on the industry
should enable the producers of materials to plan ahead with
greater confidence. Building materials produced in Wales,
though limited in range, can make a significant contribution to
the industry's needs. Brick manufacturers in Wales have recently
been faced with problems of over-stocking; and, although the demand
for bricks should rise with the growth of construction activity,
Welsh brickworks will continue to face strong competition from
producers outside Wales. Production of cement, sand and gravel
has been increasing and future supplies from Welsh sources are
well assured. The output of slate is adequate to meet the level
of demand, largely for maintenance but including some export trade.

Craftsmen

209. There has been for many years an almost continuous
shortage of craftsmen. The reduction of the period of
apprenticeship to four years will help to increase the supply of
skilled workers, and an addition to the numbers of craftsmen
will accrue from the Government training centres referred to in
paragraph 199, but the industry will lose about one year's normal
intake of school-leavers with the raising of the school-leaving
age. It will be important to make the best possible use of
skilled labour, and the establishment of the Construction
Industry Training Board will help the industry to improve the
quantity and quality of the training it must provide and to
adapt itself to changing methods.

Productivity

210. Progress in raising output will also depend on
improved productivity. This can be helped by the organisation
of work in longer flows; by encouraging local authorities to
let work in larger contracts; and by promoting the use of
industrialised techniques. These last offer considerable
advantages in terms of increased output with economies in
skilled labour and they are gaining ground.
The bulk of construction work will, however, continue to be carried out by traditional methods and, in Wales as in the rest of Britain, every effort must be made to improve the efficiency of these, for example by keener attention to design and site organisation. There is need for a strengthening of professional and managerial staffs, adequate training in up-to-date processes and management procedures, increased mechanisation, improved working conditions and the adoption of methods to eliminate delays due to bad weather. The use of improved techniques in repair and maintenance, which at present absorb about 40 per cent of the building labour force in Great Britain, offers the prospect of valuable economies in manpower. The efficiency of the industry can also be improved by better contractual procedures, the further standardisation of components and dimensions and the introduction of new materials. The Government are carrying out research and development in all these fields and have set up, in the National Building Agency and the Agrément Board, new organisations to appraise the merits of new systems of building and of new materials and components.
There has been a marked rise in the consumption of gas in Wales since 1949 and this trend is expected to continue. Domestic demand has increased by 70 per cent, commercial demand by 110 per cent and industrial demand by 193 per cent. As a result, the total output of gas has more than doubled in this period and reached an average of about 87 million cubic feet a day in the year 1966-67, with a peak demand of nearly 131 million cubic feet. The Wales Gas Board, who provide employment for about 5,000 people in Wales, expect consumption to increase by 6 per cent a year up to 1970.

To meet this considerable increase in demand, the Board have carried out a major reorganisation of their system of supply and distribution. On nationalisation of the industry they took over ninety gas works, which produced just under half the gas sold in Wales, the remainder being supplied by the coking ovens of the Welsh steel and coal industries. In 1962, 95 per cent of the gas supplied by the Wales Gas Board was coal-based and only one-tenth was manufactured in the Board's own plants. The continuing growth of demand, particularly peak demand in cold weather, and the prospects of even more rapid growth in the future, required the installation of additional capacity. To provide this the Board turned to the new oil-based processes which were much cheaper to install and operate and for which light distillate feedstocks were readily available from British oil refineries; so between 1963 and 1964, three gas-from-oil plants, producing a total of up to 15 million cubic feet per day, were installed in South Wales and a fourth plant producing 5 million cubic feet a day at Wrexham.
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214. To meet longer term requirements in South Wales the Board built at Llandaroy a high pressure oil gasification plant, the E. M. Edwards Works, the first phase of which was officially opened in 1965 with an initial capacity of 4.5 million cubic feet of gas per day. This plant can be expanded, by the installation of additional gas-making streams, to produce a maximum of 200 million cubic feet a day; and two such streams are already in hand to produce an additional 30 million cubic feet a day by 1968. At Cardiff, a further gas-from-oil plant with a capacity of 12 to 15 million cubic feet a day was brought into operation in late 1966. To meet the expanding demand in North Wales, the Board have constructed a high pressure oil gasification plant at Wrexham capable of producing 20 million cubic feet a day. Of the total gas supplied in Wales, the proportion based on coal has now fallen to about 70 per cent.

215. Gas is distributed through two main grid systems, mostly constructed in the last ten years, one in North and Mid-Wales and the other in South Wales, with a total length of 1,000 miles. A high pressure pipeline has been constructed to carry gas from the E. M. Edwards Works to the eastern and western sections of the South Wales grid, and now extends to Caerwent in the east and Ammanford in the west. A similar pipeline has been laid in North Wales to transmit gas from the new plant at Wrexham to Rhyl.

216. North Sea gas will become available in Wales; while the phasing and quantities have not been finally settled, the indications are that initial supplies will be received in North Wales by 1969 and in South Wales by 1970.

217. Capital expenditure by the Wales Gas Board from 1949 to March 1966 totalled about £43 million, and their planned investment for the four years from 1966-67 to 1970-71 is of the order of £28 million. The schemes already completed by
the Board and those now planned will ensure that any likely future demand for gas in Wales can readily be met.

ELECTRICITY

218. Consumption of electricity in Wales has more than trebled since 1948 as a result of increased use by industry, which now accounts for some 65 per cent of the total load, and the wider use of electricity in the home. In the same period the number of consumers in Wales has increased from 538,000 to 965,000. The electricity supply industry in Wales now provides employment for over 15,000 people. In the early post-war years, mainly because of rising industrial demand, electricity had to be brought into Wales, particularly at times of peak demand. A major programme for the construction of generating stations in Wales has since been carried out by the Central Electricity Generating Board, and generating capacity has now well overtaken the maximum demand for power. Large coal-fired power stations have been built at Uskmouth ("A" and "B"), Carmarthen Bay, Connah's Quay, Rogerstone and Aberthaw; a hydro-electric scheme has been constructed at Rheidol, near Aberystwyth; and Britain's first major pumped-storage scheme at Festiniog. The first Welsh nuclear power station, at Trawsfynydd, was brought into operation in 1965. Accordingly, Wales has now become not merely self-supporting, but an exporter of electricity and in 1966, after meeting the Welsh demand of 10,000 million units, 3,000 million units were supplied to England. Capital expenditure on generating completed stations in Wales since 1948 has amounted to £234 million; the increase in generating capacity, which has enabled some obsolete plant to be closed down, is shown in Table 5.
### Table 5

**Power Stations in Operation in Wales**

<table>
<thead>
<tr>
<th></th>
<th>1948</th>
<th>1966</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>No. of Stations</td>
<td>Total generating capacity (megawatts)</td>
</tr>
<tr>
<td>South</td>
<td>23</td>
<td>599</td>
</tr>
<tr>
<td>North</td>
<td>9</td>
<td>54</td>
</tr>
<tr>
<td>Total Wales</td>
<td>32</td>
<td>653</td>
</tr>
</tbody>
</table>

219. New stations are under construction at Aberthaw (coal-fired), Pembroke (oil-fired) and Wylfa in Anglesey (nuclear), at a total cost of about £285 million; and by the end of 1970 all of them will be fully operational, a further 4,680 megawatts of capacity will be available to meet rising demand in Wales and for export to England. The Central Electricity Generating Board are also further extending and re-inforcing the main transmission system. In addition to the existing integrated grid system of 275 kV and 132 kV lines for the transmission of power, a super-grid of 400 kV lines is being constructed in North and South Wales for the inter-connection of major power stations and the strengthening of outlets from stations now being built.

220. The distribution of electricity in Wales is carried out by two Area Boards, the South Wales Electricity Board and the Merseyside and North Wales Electricity Board. Since 1948 the two Area Boards have invested a total of about £122 million in providing for the distribution of electricity supplies to the various classes of consumers. Both Boards are very dependent on their industrial load and the South Wales Board showed a loss for the first time in its accounts for the year 1965-66.
A major task of the Area Boards in Wales has been to extend rural electricity supplies. In 1948, only 14 per cent of the farms in Wales had mains electricity; by the end of 1966, some 94 per cent were receiving supplies. Of other rural premises, 97 per cent are now connected to the mains. The capital cost of this programme to the Boards since 1948 has been about £22 million, and rural supplies are estimated to involve the two Boards in an annual loss of about £1.5 million. The Boards have carried out a detailed assessment of the number of premises still unconnected and the extent of the further network extensions necessary. Many of the properties still to be supplied are relatively remote from the electricity network, with a consequent increase in the average cost of affording supplies. The contributions of new consumers towards connection charges will accordingly be higher, but many farms may be able to qualify for Government grants towards their share of the capital cost.
222. The Post Office in Wales continuously review the Principality’s requirements and base their planning for many years ahead on the information they can obtain on future developments from local and other authorities concerned with housing and industrial building. Particular attention is given to developments such as the new town at Cwmbran, to ensure the timely provision of facilities and their subsequent expansion in step with needs. The demands on services, already at a high level, are expected to increase very rapidly during the next decade and more, and the General Post Office are planning to meet them at the lowest possible cost to the public.

Telecommunications

223. As Table 6 shows, the size of the telephone system, as measured by total working exchange connections, has grown faster in Wales than in the rest of Britain and is expected nearly to treble between 1965 and 1980.
### Telecommunications Statistics

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wales</td>
<td>44,000</td>
<td>57,500</td>
<td>95,000</td>
<td>150,000</td>
<td>200,000</td>
<td>270,000</td>
</tr>
<tr>
<td>% U.K.</td>
<td>2.8</td>
<td>3.3</td>
<td>3.6</td>
<td>3.4</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

| Wales                           | 52,000| 66,000| 97,000| 152,000| 200,000| 270,000|
| % U.K.                          | 2.9   | 3.5   | 3.7   | 3.5   | NA    | NA    |

| Wales                           | 12,300| 24,000| 1,200 | Nil    | Nil    | Nil    |
| % U.K.                          | 4.9   | 4.9   | 2.4   | -      | -      | -      |

| Wales                           | 125,500| 162,000| 214,000| 310,000| 445,000| 630,000|
| % U.K.                          | 3.1   | 3.4   | 3.6   | 3.5   | 3.6    | 3.7    |

| Wales                           | 15.8  | 19.2  | 32.4  | 54.0   | 90.0  | 140.0  |
| % U.K.                          | 4.7   | 4.5   | 4.4   | 4.1    | 4.0   | 4.0    |

| Wales                           | 10    | 14.0  | 360   | 770    | NA    | NA    |
| % U.K.                          | 0.5   | 2.4   | 2.5   | 2.3    | NA    | NA    |

| Wales                           | 125,500| 162,000| 214,000| 310,000| 445,000| 630,000|
| % U.K.                          | 3.1   | 3.4   | 3.6   | 3.5   | 3.6    | 3.7    |

NA - Relevant forecast not available

The Post Office have already done much towards meeting expanding needs in Wales and recently embarked on a larger programme of development and modernisation to cater for future demands, whilst ensuring a good quality of service. Expansion of the trunk network to meet the growth of traffic has already been considerably accelerated, and the latest techniques are being used to speed up and cheapen new provision and make the best use of existing plant.

Despite the heavy demand for new telephones, now running at a rate of nearly 30,000 a year, the waiting list (i.e. those orders held up by shortage of equipment or line plant) is less than 2,000 and about 60% of new orders are met within a fortnight. Manufacturers have made exceptional efforts to
increase their output of exchange equipment and, in spite of
the substantial growth of demand which is expected, the
waiting list should be cleared before 1970. The rapid growth
of telephone calls has led to some telephone traffic congestion
but this is likely to be cleared within the next year or so.
Only 10 of the 462 exchanges in Wales are still manually
operated and these will be converted to provide dialling
facilities by 1970. Over 55 per cent of subscribers can now
dial some of their own trunk calls; this facility will be
available at every large exchange and most of the smaller ones
by 1970-71, and only a few of the very smallest will be without
subscriber trunk dialling by 1971. The number of distant
exchanges to which subscribers with S.T.D. are able to dial is
also being progressively increased.

Concurrently, new equipment and services are being
developed. The high frequency cable network will be extended
to additional centres in Wales, using a new design of cable
and a compact transistorised amplifier which can be put
below ground. Developments are proceeding which will increase
the number of conversations that can be carried by existing cables.
More efficient types of exchange system are being evolved and
some 30 small electronic exchanges each up to 2,000 lines
capacity are expected to go into service in Wales during
the next five years. One of the first in the United Kingdom
will open in Llanwern early in 1968. Provision is being made
for substantial expansion of other essential services such as
Telex and Data Transmission and to meet the needs of
broadcasting authorities and other specialist users. The
Freefone service, which enables customers to telephone orders
without any charge to themselves and is now widely available,
was pioneered in Wales. The Post Office have collaborated with
the Glamorgan police force to introduce in South Wales the first
road congestion announcement service in the United Kingdom.
Despite the considerable growth in telecommunications services, rises in costs and demands on scarce manpower are being kept to a minimum by a constant search for ways of increasing productivity. Modern techniques of construction and maintenance and improved patterns of organisation are being fully exploited. It is planned that the increase of 40 per cent in the number of working telephones in the next five years will be achieved with no increase in engineering manpower; and that by 1970, largely as a result of subscriber trunk dialling development, only the same number of telephonists will be needed as in 1950, despite nearly a six-fold increase in trunk calls. Telephone billing is already being concentrated on Cardiff and fully mechanised, in part electronically; it will soon be computerised. The next ten years will see conversion to computer working of most other accounting and general office work, and as a result clerical and other office staff should not exceed half the number required by present methods.

Postal services

In order to meet the expected growth in postal traffic described in Table 7, the Post Office are introducing a wider range of mechanised methods to speed the mail and simplify its handling at reduced cost. Some of the larger offices already have mail conveyor systems and new sorting offices are being built at Cardiff and Newport with more complex and far-reaching mechanisation. This will include conveyors to carry mail bags from the offices to railway station platforms, which among other advantages will help to ease road congestion.
### TABLE 7
Postal Traffic (in millions of items per annum)

<table>
<thead>
<tr>
<th></th>
<th>Letters</th>
<th></th>
<th></th>
<th>Parcels</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wales Delivered</td>
<td>U.K. Correspondence Posted</td>
<td>Wales</td>
<td>Delivered</td>
<td>U.K. Parcels Handled</td>
</tr>
<tr>
<td>-------</td>
<td>---------</td>
<td>---------</td>
<td>-------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>1950</td>
<td>380</td>
<td>404</td>
<td>6,450</td>
<td>6.9</td>
<td>12.1</td>
</tr>
<tr>
<td>1955</td>
<td>385</td>
<td>438</td>
<td>9,500</td>
<td>6.6</td>
<td>12.2</td>
</tr>
<tr>
<td>1960</td>
<td>496</td>
<td>450</td>
<td>10,200</td>
<td>6.1</td>
<td>13.4</td>
</tr>
<tr>
<td>1965</td>
<td>420</td>
<td>467</td>
<td>11,200</td>
<td>6.2</td>
<td>14.3</td>
</tr>
<tr>
<td>1970</td>
<td>487</td>
<td>536</td>
<td>13,100</td>
<td>6.5</td>
<td>15.0</td>
</tr>
<tr>
<td>1975</td>
<td>564</td>
<td>626</td>
<td>15,400</td>
<td>6.6</td>
<td>15.8</td>
</tr>
<tr>
<td>1980</td>
<td>654</td>
<td>727</td>
<td>17,800</td>
<td>7.2</td>
<td>16.6</td>
</tr>
</tbody>
</table>

**NOTE:** Letter traffic includes Printed Papers and other classes of mail except parcels.

Other steps are being taken to increase efficiency. It is expected that the use of codes for postal addresses will be introduced in certain cities and towns throughout the United Kingdom within the next few years, and letters bearing an address which includes the postal code will eventually be sorted at every stage by automatic equipment. When this plan materialises, some areas of Wales will be among the first to be included. The Post Office also intend to regroup their management units so that, without any reduction in service to the community, their activities can be more economically administered. Mail will be handled more efficiently by concentrating sorting, despatch and delivery on fewer offices.
Other Post Office Services

229. In addition to their postal functions, the 2,000 post offices in Wales are providing an increasing range of services to the public, many of them on behalf of other Government Departments. The agency services, covering pensions and allowances, savings, licences, national insurance and other matters, today represent about half the business transacted at post office counters. The new Post Office Giro or postal cheque system will be introduced at about the end of 1968. This system will provide cheap and efficient current bank account and money-transfer facilities through a centralised office and will be made available at most Welsh post offices.

New Building

230. The modernisation and expansion of the postal and telephone services is linked with an extensive building programme to provide new or enlarged post offices, sorting offices, telephone exchanges and engineering centres. The cost of work in progress in Wales is approximately £1,500,000 and between now and 1970 work will start on the erection or extension of 23 postal buildings and approximately 100 exchanges and engineering centres at a cost of about £6 million. Between 1971 and 1975 nine more postal and about 80 more telephone building projects are planned at a cost of about £2,250,000.
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New Building

230. The modernisation and expansion of the postal and telephone services is linked with an extensive building programme to provide new or enlarged post offices, sorting offices, telephone exchanges and engineering centres. The cost of work in progress in Wales is approximately £1,500,000 and between now and 1970 work will start on the erection or extension of 23 postal buildings and approximately 100 exchanges and engineering centres at a cost of about £5 million. Between 1971 and 1975 nine more postal and about 60 more telephone building projects are planned at a cost of about £2,250,000.
In addition to the forms of economic activity which have been the subject of the Chapters in Part Two, the life of a country requires to be supported in other ways. The provision of houses; the preservation of the beauty of the physical environment in which men and women live, and its restoration in those places where it has in the past been damaged or destroyed; the health, welfare and social security of the people; the education of the young; and the things of the spirit, are all no less important to contented existence than is material prosperity. It is with these matters that this Part will deal.

CHAPTER X

HOUSING

It is one of the main objectives of Government policy to do everything possible to ensure an adequate supply of good housing. It is necessary in Wales, as in other parts of Britain, to replace or improve many of the existing dwellings; to add considerably to their numbers in order to remedy shortages and provide for the growth of population; and in so doing to improve the environment in which people live.

Existing Houses

Rapid industrialisation in the nineteenth century with its accompanying urban growth, and the long years between the Wars of relatively little new house-building, have left as a legacy a very high proportion of old and unfit dwellings. Although Wales does not have anywhere such large areas of clearly unfit dwellings as some of the English and Scottish towns, it has a greater proportion of old dwellings than any English Region or Scotland. More than half of the existing
894,000 dwellings were built before the First World War, nearly a third more than eighty years ago, and about a quarter more than a hundred years ago. Many of these older houses were built to standards that are no longer acceptable, and suffer from chronic dampness and structural defects which it would be uneconomic to rectify. About 185,000 houses have no fixed bath, and about 150,000 no hot water supply.

Age of itself does not make a house a poor dwelling place: much of the older stock is very well built, lacking only modern facilities to make dwelling-places good for many years to come. The proportion of owner-occupiers is high in Wales, and in the Rhondda Valleys, for example, nearly three quarters of the present stock of houses is owner-occupied. The post-war transformation of the appearance of these owner-occupied houses, the neatness, cleanliness and bright paint, show what can be achieved outwardly. With the help of the Government's Improvement Grant schemes, about 7,000 houses are being improved each year. Many more could be improved, and the Government hope that the rate of improvement will increase considerably. The sense of greater security given by the Government's proposals for leasehold Reform should encourage more householders to take advantage of the improvement schemes.

Replacement of Old Houses

Still, a vast problem of replacement lies ahead. It is not yet possible to estimate firmly how many of the older houses will need to be replaced as incapable of substantial improvement. Looking well into the future, changes in the standards required by householders may mean that older houses which might be accepted as adequate dwelling places now, with or without improvement, will cease to be acceptable. At present, estimates of the replacement necessary have to be made on the basis of imperfect information. Surveys by local
Housing authorities made in 1965 suggest that at least 40,000 houses are now unfit; that the number is growing rapidly; and that, if the rate of replacement is to catch up with the need within fifteen years, some 135,000 new dwellings are required for the purpose in that period.

236. Moreover, the fabric of many towns needs to be transformed if an environment of the standard demanded in modern times is to be provided. Much can be achieved by the improvement of older houses and of the details of the environment, but it will be necessary to clear and replace many houses which, although themselves not unfit, form part of an area that is unfit as a whole. Further experience in tackling the problems of urban renewal is needed to show how many structurally sound houses will have to be replaced in this process, and at this stage only tentative estimates can be made; at present a round figure of 1,000 a year is assumed, making a total of 15,000 in a fifteen year period.

237. Then in most towns there is a need for major road works, more parking places, more open spaces and some rearrangement of shopping areas, which will require the demolition of houses. It is difficult to forecast how far such demolitions will coincide with the clearance of unfit and obsolescent housing, and how far they may reduce the stock of good houses. Once more only tentative estimates can be made at this stage, and again an assumption is made of a round 1,000 a year, making a total of 15,000 in a fifteen year period.

238. So far, therefore, the estimate of new dwellings required in a fifteen year period as replacement is -
Replacement of unfit dwellings  135,000
Losses of sound dwellings in the improvement of obsolescent areas  15,000
Losses through urban redevelopment and road development  15,000
Total  165,000

239. Replacement and redevelopment raise difficult problems when the houses to be cleared are owner-occupied. The compensation which can be paid rarely enables the owner of an older house to buy a new one, and where he is rehoused by the local authority his outgoings on rent and rates are greater than those which he formerly had. This situation, though not peculiar to Wales, creates special difficulty there because of the high proportion of owner-occupation. The Government are considering this problem, and in the meantime it will be eased to some extent by the rent rebate schemes which councils are increasingly adopting.

Increasing the Number of Houses

240. In spite of the building of about a quarter of a million new dwellings since the War, there are still not enough to meet the needs of the present population, even including the dwellings that are unfit or obsolescent. There are still waiting lists for council houses and, of the present number of about 690,000 dwellings, some are at any time vacant in the normal process of changing occupants and some are holiday or second homes. The existing shortage is estimated at about 20,000.

241. In addition to making good the shortage and replacing unfit and obsolescent houses, it will be necessary to provide for a growth in population. On the assumptions about population growth made in Chapter V, the number of households needing a separate dwelling would increase in a fifteen-year period by about 80,000.
Replacement of unfit dwellings
Losses of sound dwellings in the improvement of obsolescent areas
Losses through urban redevelopment and road development

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement of unfit dwellings</td>
<td>135,000</td>
</tr>
<tr>
<td>Losses of sound dwellings in the improvement of obsolescent areas</td>
<td>15,000</td>
</tr>
<tr>
<td>Losses through urban redevelopment and road development</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>165,000</strong></td>
</tr>
</tbody>
</table>

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The Total Need

242. The figures set out so far give a total as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement</td>
<td>165,000</td>
</tr>
<tr>
<td>Current shortage</td>
<td>20,000</td>
</tr>
<tr>
<td>Increase in number of households</td>
<td>80,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>265,000</td>
</tr>
</tbody>
</table>

243. This figure is, however, subject to several qualifications. The element in it for an increase in the number of households would need to be enlarged if a greater vigour of economic development is achieved and consequently a faster growth in population than is allowed for by the Registrar General in his estimates. The element for dwellings already regarded as unfit (40,000) is certainly an under-estimate; and the problem of obsolescence has to be seen against the background of a large number of old houses of which something like 300,000 will be more than a hundred years old in fifteen years time. Thus it seems likely that many more new dwellings will be required in a fifteen-year period than the figure of 265,000 above, probably at least 300,000. In the short term the current level of housebuilding, which is rather more than 19,000 a year, needs to be raised to deal with the existing shortage and the replacement of unfit houses, as well as to keep pace with the increase in population. For the next five years, the target can confidently be put at 100,000 dwellings. This means an average of 20,000 a year, rising to a rate of about 21,000 towards the end of the five years, and the situation will need to be kept under review from year to year.

Measures to Achieve the Necessary Future Production

244. In the years after the War the immediate task was to make good the gap in housebuilding caused by the War years
and the low rate of housebuilding in Wales in the years between
the Wars. Between 1947 and 1963 the rate of building fluctuated
considerably, but averaged about 12,000 a year. In 1963 the
situation was reviewed in the light of the 1961 census, and it
was estimated that even the more urgent needs required the building
of 175,000 houses between 1961 and 1971; and that to achieve this it
would be necessary to raise the rate of building to 19,000 a
year by 1966, and to maintain this rate to 1971. The figure of
19,000 houses a year was in fact reached in 1965 and maintained
in 1966.

245. A rise in the shorter term to 20,000 houses a
year and then to 21,000 would represent a further stepping-up of
a performance that has already risen sharply over the last three
years, and would require conditions in which the building industry
and the local authorities can meet the demands made upon them.
The Government, for their part, will help to create these
conditions. It is expected that, as in recent years, the public
sector and the private sector will contribute roughly equal
shares of the programme.

246. The greatest part of the burden on the public
sector will be carried by the local authorities, and their
willingness to build must be backed with financial ability. A
high level of building lays a financial burden on the local
authority, and this burden will be the greater when, as must
happen, an increasing proportion of the new houses built will
be in place of unfit houses which have to be demolished. To
provide the financial help required, the Government are
increasing the subsidies payable to local authorities. The
new Housing Subsidies Act, by relating subsidies to permissible
cost, both increases the financial aid given to local
authorities and encourages them to be conscious of the cost
of their housing. The Act provides for a basic subsidy which

in effect stabilizes at four per cent the interest payable by local authorities on the funds they borrow for house-building, and also provides further subsidies to give extra help to the more needy councils. The spur to private enterprise to build houses is provided by a public willing and able to buy them. The Government will assist private house purchasers who would not qualify for tax relief by making cheaper mortgages available to them under the Mortgage Option Scheme.

247. An enlarged programme also calls for increased efficiency from the construction industry. The problems that arise in this field are described in Chapter IX. A higher rate of building will require more efficient techniques, and industrialised methods must be used to cut down the total man-hour content that goes into the building of each dwelling. At present, about 30 per cent of new dwellings in the public sector in Wales are being built by industrialised methods, and this proportion will need to be increased. The National Building Agency will help and advise local authorities in selecting from the many new systems that are now being devised.

248. Local authorities are encouraged to plan programmes well ahead, in order to provide the industry with a more constant demand upon it. They are also helped to form consortia for the purpose of arranging joint programmes, to enable them to let larger contracts to ensure this continuity and to encourage the use of industrialised methods.

249. It is important that the closest attention should be paid to the quality of construction, design and layout. With the introduction of increased subsidies, local authorities will now be expected to incorporate in future housing schemes standards recommended in the Parker Morris Report ("Houses for Today and Tomorrow", H.M.S.O. 1961), particularly those concerned with space and heating. To encourage good design
in housing, the Welsh Office are presenting annually a Good Design Medal, and are always ready to assist and advise local authorities and others who have problems of design and layout.

Although, broadly speaking, there is no insuperable difficulty in obtaining building land for housing in Wales, the use of more difficult sites is necessary in the mining valleys, where the need to build on steep sites, clearance areas and derelict land may require new designs adapted to these conditions. As increased building brings an increased need for a continuous supply of building land, the Land Commission will be able to help both local authorities and private builders.
CHAPTER XI

THE PHYSICAL ENVIRONMENT

251. The surroundings of a house are almost as important to the quality of living as the house itself. While most of the general landscape in Wales is very attractive, there are places where the density of development is too high, where the town-centres are inconvenient and choked with traffic, where the general urban environment is drab, where there is inadequate opportunity for recreation and where there is industrial pollution and dereliction. Many people have learnt to live, with resignation if not with contentment, in such conditions. But often the younger and more ambitious seize the first opportunity to move away, leaving behind them communities which are the poorer for their absence and which are all the less able to attract new industries and their key workers.

The Towns

252. The improvement of the physical environment should be made to accompany the building of houses. As the preceding Chapter has indicated, at least 300,000 new houses will be needed in Wales during the next fifteen years, more than half of them to replace old existing dwellings. This large replacement presents opportunities for re-shaping much of the urban fabric in just those localities where the environment is most in need of improvement.

253. One requirement is to reduce the density of development where this is so high that essential amenities, such as playing-fields, are lacking, or where the growth of population and traffic is causing congestion. Fortunately, not only is the average density of population in Wales relatively low but, even in the more heavily populated parts
of South and North Wales, the overall population densities do not exceed 1.5 persons per acre. These densities are well below those in populous areas of England, such as the conurbations of South-East Lancashire (10.1 persons per acre), Merseyside (14.4) and the West Midlands (15.9).

254. In the rural areas, covering two-thirds of Wales, all the towns are under 15,000 in population - mostly a good deal under - and are mainly old-established and compact market towns. Many have problems of obsolescence and traffic congestion, but space for new houses, industries, roads and other urban purposes can usually be provided by normal outward growth. Even in Mid-Wales, with its high proportion of hill land, the consultants appointed to look into the possibilities of a new town there were able to advise that there were four sites capable of accommodating large urban growth.

255. There are problems of urban congestion in limited localities elsewhere in Wales. In North Wales, along the coast from Bangor to Prestatyn, there was a population growth of 6.3 per cent between 1962 and 1966. This area is becoming increasingly popular for retirement, while employment is increasing in both tourist and manufacturing industries. Some places along the coast, such as Conway and Penmaenmawr, are hemmed in by mountains, but most of the land needed for urban development (estimated to be 1,600 acres in the next fifteen years) can be found near other, less confined, towns in the area. Deeside too is experiencing appreciable population growth, and has local problems of urban renewal. In North-East Wales as a whole, there is a considerable surplus of land suitable for development; but difficulties arise in some parts of the area, and in particular at Wrexham, where the impetus to urban growth conflicts with the need to retain good agricultural land.
South Wales has the greatest demand for land, but there is no overall difficulty in meeting most of this. On present expectations, a requirement in the region of 5,000 to 5,500 acres for urban development is likely to arise during the next fifteen years. Much of this can be provided by expanding the existing towns, especially in West South Wales, where Swansea for instance has no difficulty in finding adequate supplies of building land. Port Talbot, constrained by mountains and sea, is less well placed but it has some reserves. In East South Wales too there is a surplus over present demands. The needs of people emigrating from the Monmouthshire valleys towards the coast have largely been met at Cwmbran and the settlements in the south of the County. There is room for growth to meet further needs of this kind and also to satisfy demands arising at Newport from problems of urban renewal.

One of the more difficult planning problems in South Wales arises from pressures to develop in the neighbourhood of Cardiff, coupled with the need to reduce congestion within the City. The overall town density of Cardiff is quite high (17 persons per acre, compared with 7.7 at Swansea), and there are pockets of high-density slum property (up to 125 persons per acre) which the local authority are progressively clearing. More space is required for commercial development and traffic, and consultants have recently advised that to provide this the area of the business centre of the City will need to be doubled. There is plenty of land suitable for building purposes within daily travelling distance of the centre, and the problem is not one of excessive population in relation to the total available land: it is whether the bulk of future growth should continue to be concentrated on the periphery — so conflicting with the demands of agriculture, amenity and recreation, and making it more difficult to relieve road traffic and other congestion within the City itself — or whether some of the new development should be located further afield.
258. There are density problems in some of the central valleys of South Wales, where urban growth in constricting physical circumstances has resulted in the congestion of buildings, bad lay-out and inconvenient, sometimes dangerous, road access. Notwithstanding persistent net migration from the central and eastern valleys, amounting to 70,000 during the last fifteen years, the number of inhabited houses has increased. The problem manifests itself in a shortage of land for new industrial and other development, open spaces, school playing-fields and for better traffic circulation within the valleys. As in the case of Cardiff, there is land available within daily travelling distance and the density problem within the valleys can be solved by redeveloping their areas of unfit property and by carefully selecting sites for new development not far distant from the present constricted towns.

259. The growth of motor traffic makes it increasingly urgent to reshape the larger towns in ways which will provide safer and less congested conditions for both cars and people. Because many buildings in town centres are obsolete for modern business purposes and are backed by areas of old housing due for replacement, there are opportunities for constructing more efficient and attractive shopping and business areas. Over thirty towns in Wales already have comprehensive redevelopment schemes in progress or in preparation. The Welsh Office will continue to encourage local authorities to prepare and adopt soundly conceived schemes which can be carried out as circumstances and resources permit. While many years will be needed to do all that is necessary, this is all the more reason why as rapid progress as possible should be made and why special care must be paid to the safety and convenience of pedestrians and others.

260. The Welsh Office will also give practical support to measures aimed at eliminating eyesores inherited from the past and at preventing the creation of further unsightly development. High standards of design and layout in public and private
building will be fostered by merit awards and by assistance and advice to local housing and planning authorities. The Welsh Office will encourage local authorities to undertake comprehensive housing renewal and improvement schemes where these can bring about better environmental conditions. There are other ways in which surroundings can be improved, such as tree planting and improvement of the design and maintenance of street equipment, and the Government will give all the help they can to measures of this kind. Detailed schemes for creating a better environment are being prepared for some of the valley towns, and local authorities will be encouraged to prepare schemes for all towns.

261. There will remain great scope for local and voluntary efforts to tackle these problems. A Civic Trust for Wales has been formed to attract public attention to the need for improving the urban environment and to advise on how this can best be done. The Trust is assisting with town improvement schemes and has sponsored the setting up of local civil societies at Aberaeron, Caernarvon, Cardiff, Conwy, Ferryside, Llandeilo, Monmouth, Newtown, Saundersfoot and Swansea.

262. Local authorities can rely on the pride of people in their towns and villages responding to encouragement to ensure that their wider surroundings, as well as their own homes, offer comfort, pleasure and security. Some of the seaside and country towns and parts of some of the larger cities already well justify civic pride. Those living in a new town, like Cwmbran, are presented with a modern environment which, through local bodies and associations, they can help to shape. Others, living in some of the older towns and villages scarred by decades of neglect, may well feel that there is little they can do to bring about better conditions; but just as a series of small improvements can work wonders in brightening a home, so they can bring about a transformation of living conditions, even in the worst towns. This is a field of work which cries out for local initiative and above all for leadership which can harness the energy of the younger generation.

The Countryside

263. As the population increases and standards of living rise,
including the growing use of the motor-car, more extensive facilities for outdoor recreation and wider opportunities to enjoy the countryside and coast will be needed. There are here conflicts of interest. The search for peace and relaxation in the open air could be frustrated by the increasing congestion of roads, beaches and beauty spots. The growing pressure on a limited number of recognised recreational areas in the countryside can impede the work of the farmer in those areas, while the uncontrolled exploitation of the countryside would threaten the conservation of natural resources and amenities.

264. Wales has three national parks, Snowdonia, Brecon Beacons and Pembrokeshire Coast, occupying about 1,590 square miles or one-fifth of the land surface. The National Parks Commission and the Park planning authorities have a duty to take such measures as are necessary to preserve and enhance the natural beauty of the Parks and to promote their enjoyment by the public. There are also two Areas of Outstanding Natural Beauty, covering the Gower and Lleyn peninsulas, where special measures of planning control are in operation. Proposals to designate other attractive areas for enjoyment by the public are under consideration. The National Parks Commission are investigating the question of establishing a fourth Welsh National Park of some 500 square miles of the mountainous area of Mid-Wales, in which stress would be laid on the promotion of recreational activities; and they have put forward a proposal for the designation of a further Area of Outstanding Natural Beauty covering most of the Anglesey coastline.

265. The Government propose to establish a Countryside Commission which will replace, and exercise wider functions than, the present National Parks Commission. The new Commission will have the task of encouraging increased opportunities for the enjoyment of the countryside, partly through the creation of a
large number and wide variety of "Country Parks". The intention is to site these parks within easy distance of main towns, so as to reduce travel and road congestion, and in places where people can gather without causing undue inconvenience to those who live and work in the countryside. County councils, acting in close consultation with regional and local authorities and with agricultural, sporting and other interests, would be mainly responsible for their design and planning. The Government will provide grants at the rate of 75 per cent to assist the development of these and other facilities, such as picnic places. Other steps will be taken to improve the means of access to the countryside and to make it easier to use rivers, lakes and other water resources for recreation.

266. A closer control must also be exercised over commercial and other developments which could impair the scenery. Stretches of the Welsh coast have been spoiled by the spread of unsightly caravan and other holiday accommodation; but the Government will aim to keep as much of the coast as possible open and unharmed in the future. They are supporting the National Trust's appeal for funds to purchase further lengths of coast for protection, and the preservation of coastal areas is receiving special attention through a series of conferences of coastal planning authorities organised by the National Parks Commission on behalf of the Government. In Wales, with its long coastline and growing holiday industry, such measures are particularly important. To remedy some of the damage done in the past, local planning authorities are being encouraged to join with other interested bodies in efforts to remove or screen existing eyesores. They will be empowered to meet the need for more camping and other holiday facilities, where this is not satisfied by private developers, by providing well-designed and well-planned sites with the aid of grants.

Sport

267. Improved facilities for sport are needed. Local authorities have powers to provide recreation grounds, swimming
pools and other land and buildings for sport. Occasionally such schemes can be combined with projects for the clearance of derelict land, as is proposed at Tredgar. New sports centres at Port Talbot and Cwmbran and swimming pools at Bangor and Llantrisant are among recent developments, and a Welsh national sports centre at Cardiff is under consideration. Major projects of this sort can be undertaken jointly by groups of authorities and planned to serve a wide area. A Sports Council for Wales has been established to encourage co-operation of this kind, to stimulate the development of new facilities and to co-ordinate sports provision generally.

**Derelict Land**

268. The reclamation of derelict land presents a serious challenge in Wales. The disaster at Aberfan in October 1966 focussed attention on the potential danger, as well as the unsightliness, of industrial waste heaps, and kindled the determination to take forceful action to deal with unsafe and derelict sites of all kinds. This task is urgent to improve safety and living conditions and to secure direct and indirect economic benefits. The total area of dereliction is less in the whole of industrial Wales than in some individual counties of England, but the proportion of land in the areas affected is often high. Separate measurements of its extent have been made by local authorities and the Welsh Office. The local authorities' survey covered land so damaged by industrial or other development as to be incapable of beneficial use without treatment, and on this basis estimated that there are over 16,000 acres of derelict land in Wales. The Welsh Office field survey was wider, taking in remoter sites and the less obvious spoil heaps which have acquired some form of vegetational cover; this gave the total area affected as at least 27,000 acres. Whichever estimate is taken, a major effort will be needed to tackle the problem.
269. Not all derelict land, however, justifies the expense of treatment. It may be remote or hidden or otherwise less in need of urgent attention. It is estimated that some 10,000 acres would merit treatment and this can be taken as the present extent of the practical problem in Wales. About 6,000 acres are in industrial South Wales, where the main forms of dereliction are colliery and industrial spoil heaps, old colliery buildings and disused tinplate and steel works with their associated slag heaps. Within the North Wales coalfield, colliery spoil heaps, old brickworks, dumps of tailings from lead mines and abandoned claypits are locally conspicuous. In North Wales and Mid-Wales much of the dereliction results from slate quarrying and the exploitation of metalliferous ores.

270. In some areas, where the unsightly remains of old industry are extensive and prominent, the problem is particularly acute. These include the Landore area of the Lower Swansea Valley, the county borough of Merthyr Tydfil and the urban districts of Blaenavon, Ebbw Vale, Neath and Blaina, Pontypool and Rhymney. In other places, such as the Rhondda Valleys and the middle of the Heath, Tawe and West Monmouthshire Valleys, derelict sites individually less extensive could be reclaimed to provide accommodation, not otherwise easily found there, for new industry.

The many advantages of replacing derelict industrial sites with space for modern factory and other development, wherever this is found practicable, are evident. But promising opportunities have often been overlooked. Within the South Wales coalfield more than 1,000 acres of colliery spoil heaps have been reworked for their small coal content. This activity was not co-ordinated with derelict land clearance schemes and did not result, as it might have done, in improvement of the scene. On the other hand, some 250 acres of coal tips have been planted by the Forestry Commission in recent years. In addition, 1,000 acres of opencast workings have been planted as part of the arrangements for their restoration. At least comparable areas will be planted in the next decade on behalf of the National Coal Board and local authorities.
271. An intensive study has been made of the Landore area. Formerly the site of a thriving metal industry, this area contains one of the largest single concentrations of industrial dereliction in the country. Here, with financial support from the Nuffield Foundation the Government and the Swansea County Borough Council, the University College of Swansea have taken the initiative in carrying out a detailed survey of the main area of dereliction and have prepared a comprehensive plan for redevelopment. In the course of this investigation, successful experiments were made with new methods of treatment, opening up fresh lines of attack on long-standing problems at Landore and elsewhere. The findings and proposals are being examined by the Welsh Office and other authorities concerned. The Welsh Economic Council have initiated and are coordinating a pilot scheme of land reclamation at Trefedaggar in cooperation with the local authority and other bodies. A 42-acre site was selected for this purpose and an application by Trefedaggar Urban District Council to carry out the scheme has been approved in principle for grant.

272. In the period 1960-65 clearance schemes approved for grant under the legislative provisions then in force covered only a few hundred acres. The area justifying clearance or landscaping, now 10,000 acres, is estimated to grow at a rate of about 100 acres a year. To clear all this within fifteen years would need an annual programme of about 750 acres. This is far beyond the past rate of achievement, though well within the rate planned in other parts of Britain; in the Northern Region for instance, it is aimed to clear 18,000 acres of derelict land in the next ten years.

273. The Government have introduced measures which will help to stimulate a much faster rate of progress in Wales, with the highest priority for schemes dealing with safety problems. The Industrial Development Act 1966 has increased their powers in this respect and grants of 85% of the net cost are available.
for a wide range of clearance schemes likely to contribute to the development of industry in the Development Area. For local authorities in receipt of rate support grant, Exchequer assistance can be as much as 95% of the net cost. In cases where financial difficulty still arises and safety is involved, the Government are prepared to consider additional help.

Nor is Exchequer aid limited to the Development Area: the Government have introduced a new grant at a lower rate to assist derelict land clearance schemes in any area. To increase the impetus, and to help authorities with limited resources, a special unit has been set up at Welsh Office with the task of promoting a programme for the treatment of derelict land throughout Wales. The unit can call on a wide range of professional and technical help, but needs the full co-operation of local authorities in carrying out its work. This has been readily forthcoming and many treatment schemes, some covering considerable areas of dereliction, are under preparation. The unit is also making good progress in plans to co-ordinate with clearance schemes the work of coal recovery companies on colliery spoil heaps. The arrangements for Government help towards schemes for the clearance of derelict land have never been so favourable as they are at present, and there is now every incentive to attack the problem on a much larger scale than in the past. The Government are determined to build up and maintain a rapid rate of progress.
Air Pollution

274. Much effort has gone into controlling pollution of the air, rivers and sea by industrial and other processes, but further progress and continued vigilance are needed. As regards pollution of the air, outstanding co-operation has been given by Welsh industrialists in implementing the Alkali &c. Works Regulations Act 1906 and the Order of 1966, which require owners of certain works to use "the best practicable means" for minimising offensive emissions of fume, smoke, grit and dust. As a result, much industrial pollution, formerly accepted with resignation, has been eliminated. Ten years ago in South Wales there were about a hundred chimneys continually emitting black smoke from open hearth furnaces: not one remains. Steel companies in North and South Wales have spent large sums on special equipment and have corrected most causes of serious air pollution from their plants. Much of the dense red-brown fumes resulting from the intensive use of oxygen in steel-making, which formerly gave rise to persistent complaint, is now arrested by equipment with an efficiency of about 99 per cent; in the Cardiff area alone this equipment prevents about 100 tons of dust a week from entering the atmosphere. In the Llansanwl area of Swansea, which used to suffer from the continuous emission of white zinc oxide, dark smoke and sulphuric acid mist, new processes fitted with modern arrestment equipment have virtually eliminated the problem. The oil refineries at Milford Haven and the large petro-chemical plant at Port Talbot operate essentially free from complaint; and other chemical works in North and South Wales are overcoming their problems with new treatment plant. The discharge of dust from power stations is now almost entirely prevented by the use of new electrical precipitators.
For many remaining problems, solutions are in sight. Welsh cement works are taking part in a general drive to fit new equipment to prevent the emission of dust. The Steel Company of Wales have an obstinate red-brown fume problem with one of their processes at Port Talbot, but are planning to overcome this within about three years by installing new plant. Improvements are being made at coke ovens in South Wales and Shotton, and the phurnacite plant at Aberowen is to be rebuilt in a way which will reduce past difficulties. At ceramic works better firing methods are markedly reducing smoke. Atmospheric pollution problems at the British Petroleum Company's Refinery at Llandarcy are decreasing and the Company and others concerned continue to seek still better results.

Some hard-core problems remain. These include acid soot emission from certain ceramic works, salt flux fume problems associated with aluminium recovery and other individual difficulties. Nor has a practicable method yet been found for removing sulphur oxides from power station flue gases and these still have to be dealt with by the not always satisfactory method of dispersal from high chimneys. Research into these remaining difficulties is being vigorously pursued by industry and the authorities concerned.

It is also important to press ahead with action under the Clean Air Act 1956 to reduce air pollution by smoke from coal-burning appliances, even though this is a lesser problem in Wales than elsewhere. Concentrations of smoke depress environmental standards and can have a bad effect on the health of the inhabitants. While in Great Britain as a whole, about half of the atmospheric smoke comes from the traditional open fire, most of Wales is well served with fuel which produces...
little smoke. The coal used in the more densely populated parts of South Wales has a volatile content of 20 per cent or less and is thus for all practical purposes smokeless; and, in the built-up areas there, geographical and climatic factors combine to ensure that smoke is quickly dispersed, so that smog conditions, when they occur, are usually much less intense and persistent than in many urban areas elsewhere. The main problem is found in the industrial areas of Denbighshire and Flintshire, where some of the coal used has a higher volatile content than that used in South Wales. Four of the five smoke control orders under the Clean Air Act so far made in Wales affect areas in Wrexham, Connah's Quay and Mold, covering 375 acres and some 2,000 premises; while the other order made applies to 43 acres and approximately 650 premises at Newport, Monmouthshire. The Welsh Office will continue to support local authorities who bring forward further orders. Householders in the areas covered by such orders are given substantial grants towards the cost of replacing their existing fuel appliances.

Sewerage and Sewage Disposal

Steady progress has been made over many years in safeguarding public health in Wales through more efficient sanitation; but a great deal remains to be done to replace outworn sewers and to improve disposal arrangements. Rural dwellers rightly expect modern amenities and, wherever practicable, these must be provided. Again, many rivers and some beaches near populous areas are marred by pollution. The increasing use of river intakes for water supply purposes, and the high amenity and recreational value of clean running water, make it essential to purify sewage effluent to an acceptable standard before discharge.
279. The measure of the effort needed in this field is shown by the fact that schemes under examination would cost an estimated £80 million in the next fifteen years, compared with the £30 million spent in the last fifteen years. Much of this expenditure will be required to replace or improve many of the trunk sewers laid at the beginning of the century in the industrial areas between Newport and Llanelli. Nearly all the sewerage authorities in these areas have this problem and some of them are also having to carry out major new schemes to cater for new expansion. In the rural areas of Wales there are still settlements without main sewerage facilities: Government grants are available to help schemes necessary in these areas and it will be aimed to complete this work in the next ten years.

280. Other urgent tasks are the replacement of certain old sewage treatment plants, such as those now serving Aberdare, Mountain Ash, Merthyr Tydfil and parts of the Wrexham district; and in some areas there is a need to provide new disposal works where no treatment has been given previously, as at Newport, Bridgend, Bangor and Caernarvon. Public concern about the discharge of untreated sewage into the coastal waters around the Welsh coast is growing and there are areas, along the South Wales coast in particular, where it will be necessary to consider providing at least some form of partial treatment before discharges are made. The rising volume of these discharges make it essential urgently to assess the need for new measures, and the Welsh Office are considering to what extent it will be practicable to tackle the problem through further joint action by the authorities concerned.

Contamination of Beaches by Oil

281. Oil pollution of the sea and beaches is a growing menace, as was dramatically demonstrated in March 1967 by the wreck of the "Torrey Canyon" on its way to Milford Haven. The rapid increase in world production of oil and the establishment of large oil refineries in Europe since the War
have heightened the problem, which is usually caused by the discharge of oil sludge from tankers on the high seas. Because of the position of the Welsh coast in relation to the Gulf Stream and the shipping lanes linking Europe with the rest of the world, it is particularly liable to suffer from this pollution, with consequential damage to beaches and danger to bird life. The contamination of beaches along the Welsh coastline, more particularly in South and West Wales, has become more widespread over the last few years, but has hitherto mostly affected the smaller beaches and coves. There is a special risk at Milford Haven and the precautionary arrangements there, which were already the most stringent in the world, have been further strengthened after a spillage from a tanker in January 1967.

282. The difficulty about this problem is that a full solution requires international co-operation. Although proceedings under the Oil in Navigable Water Act 1955 may be taken against any vessel of any nation for discharging oil in United Kingdom territorial waters, no such action can be taken against a foreign vessel if the offence is committed outside those limits. All that can be done is to report the offence to the Government of the country in which the vessel is registered, and then only if that Government is a signatory of the International Convention on Oil Pollution. Neither can the perpetrators of the nuisance be made responsible for the clearance of any oil spillage. Thus, when oil pollution arises, the task of dealing with it normally falls on local authorities with limited financial resources. Some of these have taken specific powers to deal with oil contamination on the beaches and, in a few cases, before it reaches the shore.

283. The wreck of the "Torrey Canyon" focussed attention on another and greater hazard. As a result, the Government took the initiative in convening an early meeting of the Inter-Governmental Maritime Consultative Organisation to consider what changes are now required in international
maritime law and practice, and will continue to seek a wider measure of international agreement to deal with the problem. The pollution which was caused by the wreck added considerably to knowledge of how it can best be dealt with, supplementing studies by a working group set up by the local authority associations and the Institute of Petroleum, and further advice has been given to coastal local authorities.
CHAPTER XII

HEALTH, WELFARE AND SOCIAL SECURITY

HEALTH AND WELFARE SERVICES

284. The demands on the health and welfare services in Wales are continually rising. These services are important in the economy and need to be efficient and of a sufficient size to serve the growing population of Wales, within which there will be an increasing proportion of older people. The Government are determined that adequate and up-to-date services should be provided within the resources that can be made available. In Wales the hospital services are administered by the Welsh Hospital Board and seventeen hospital management committees, except that the teaching hospitals are managed by the Board of Governors of the United Cardiff Hospitals. The health and welfare services are provided by thirteen county councils, four county borough councils and one municipal borough council exercising delegated powers. The general practitioner, dental, ophthalmic and pharmaceutical services are provided through contracts with fifteen executive councils.

Expenditure

285. The expenditure on health and welfare services in Wales in 1967-68 is expected to be £83 million. This includes over £45 million for the hospital service, compared with £15.3 million in 1954-55 and £22 million in 1959-60. In the constant search for better standards of care for patients, costs are likely to go on rising. New forms of treatment, by drugs, surgery or other means, may involve greatly increased costs; but where such treatment enables patients to leave hospital sooner or to avoid hospital altogether, the higher cost may be offset by lower costs in the recuperative period. The trend nevertheless is for treatment to require the co-ordinated efforts of teams of specialists working with complicated and expensive equipment. As a result, the health services will have to be more closely integrated, with medical units working in well-equipped centres and in closer conjunction with one another. It follows, therefore, that it would be impracticable for the full range of modern...
and treatment facilities to be made available at more than a limited number of centres.

**Personnel**

Further progress will largely depend on improvement in premises and equipment, and the provision of a sufficient number of well qualified men and women. As Table 8 shows, the staff employed in the hospital service in Wales has steadily grown.

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In all some 41,000 people are now employed, wholly or part-time, in the health and welfare services in Wales. To meet future demands, the number of places available for medical, dental, nursing and other para-medical students is being increased and an active policy of recruitment is being followed. The University Hospital of Wales is being developed in Cardiff to provide an integrated teaching centre for medical, dental and other students and to give an improved service for people requiring hospital treatment in the Cardiff area. The dental hospital and school have been completed and work is in progress on the main hospital and medical school, which is due to be completed in 1971.

**Hospital Building**

A great deal has already been done to improve, and make better use of, the buildings available to the hospital service in Wales. Many of the hospitals taken over in 1948 were old and
small, and ill-adapted to provide a wide range of modern treatment. With the development of new and more specialised techniques, these hospitals became still further out of date, but because of the shortage of funds for new building, only limited works of expansion and improvement were possible in the earlier years. More intensive use has been made of existing hospitals and thus, between 1949 and 1965, when the number of beds available increased by five per cent, the number of discharges from hospital rose by 85 per cent and outpatient attendances by over 60 per cent. Substantial sums have already been allocated to providing new, and improving old, premises. Between July 1948 and March 1967, nearly £362 million was spent on hospital building, including expenditure on schemes in progress. Among 169 schemes, each costing over £30,000, included in this programme were eight which cost over £1 million each and nine other costing between £250,000 and £1 million each. Of the eighteen major general hospitals planned to be developed in Wales, eight are now in course of development.

288. More remains to be done. The task before the Welsh Hospital Board is to meet the needs of the expanding populations in industrial South Wales and North-East Wales and provide a modern hospital service in the sparsely populated and difficult terrain of rural Wales. The Board are building and planning a number of large new hospitals at locations where the needs of the population can best be met, some on existing sites and others on "green fields". Nine major building schemes (i.e. schemes estimated to cost over £250,000) are expected to begin in the period up to 1969-70, and a further twenty-two are planned to follow, in stages, as resources allow. In addition to this extensive programme of planning and construction, the hospital authorities will maintain and, where possible and desirable, improve the 200 or so existing hospitals in Wales.

Executive Council Services

289. Although action is being taken to increase the supply of doctors, it is not expected that there will be an early significant increase.
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<tr>
<td>Nursing and midwifery whole time</td>
<td>7,809</td>
<td>9,602</td>
<td>11,180</td>
</tr>
<tr>
<td>Nursing and midwifery part time</td>
<td>1,232</td>
<td>2,079</td>
<td>3,922</td>
</tr>
<tr>
<td>Maintenance, transport and domestic whole time</td>
<td>5,914</td>
<td>8,622</td>
<td>9,642</td>
</tr>
<tr>
<td>Maintenance, transport and domestic part time</td>
<td>804</td>
<td>1,716</td>
<td>2,723</td>
</tr>
</tbody>
</table>

In all some 41,000 people are now employed, wholly or part-time, in the health and welfare services in Wales. To meet future demands, the number of places available for medical, dental, nursing and other para-medical students is being increased and an active policy of recruitment is being followed. The University Hospital of Wales is being developed in Cardiff to provide an integrated teaching centre for medical, dental and other students and to give an improved service for people requiring hospital treatment in the Cardiff area. The dental hospital and school have been completed and work is in progress on the main hospital and medical school, which is due to be completed in 1971.

**Hospital Building**

287A A great deal has already been done to improve, and make better use of, the buildings available to the hospital service in Wales. Many of the hospitals taken over in 1948 were old and
small, and ill-adapted to provide a wide range of modern treatment. With the development of new and more specialised techniques these hospitals became still further out-of-date; but, because of the shortage of funds for new building, only limited works of expansion and improvement were possible in the earlier years. More intensive use has been made of existing hospitals and thus, between 1949 and 1965, when the number of beds available increased by five per cent, the number of discharges from hospital rose by 85 per cent and outpatient attendances by over 60 per cent. Substantial sums have already been allocated to providing new, and improving old, premises. Between July 1948 and March 1967, nearly £36½ million was spent on hospital building, including expenditure on schemes in progress. Among 169 schemes, each costing over £30,000, included in this programme were eight which cost over £1 million each and nine major schemes other costing between £250,000 and £1 million each. Of the eighteen major general hospitals planned to be developed in Wales, eight are now in course of development.

288. More remains to be done. The task before the Welsh Hospital Board is to meet the needs of the expanding populations in industrial South Wales and North-East Wales and provide a modern hospital service in the sparsely populated and difficult terrain of rural Wales. The Board are building and planning a number of large new hospitals at locations where the needs of the population can best be met, some on existing sites and others on "green fields". Nine major building schemes (i.e. schemes estimated to cost over £250,000) are expected to begin in the period up to 1969-70, and a further twenty-two are planned to follow, in stages, as resources allow. In addition to this extensive programme of planning and construction, the hospital authorities will maintain and, where possible and desirable, improve the 200 or so existing hospitals in Wales.

Executive Council Services

289. Although action is being taken to increase the supply of doctors, it is not expected that there will be an early significant increase
in the number of general medical practitioners in Wales. At present they number about 1,230 and the more effective use of their services can be brought about by changes in the organization of their practices, especially by an increase in the number of group practices and health centres and by the employment of more ancillary staff. Close co-operation will be necessary between medical practitioners and local health authorities, who are responsible for providing health centres and for employing health visitors, homes nurses, midwives, social workers and home helps, who provide support for people in their own homes. It is also desirable, in the interests of both doctors and patients, to raise the standard of surgery premises and Government financial help is being made available to general practitioners for this purpose.

290. There are at present some 400 dentists practising under contract with Welsh Executive Councils: this number is not likely to increase significantly in the early future and, in view of the proportion in the higher age-groups, it may fall. In the longer term, the output of the new Dental School in Cardiff will help to ease the shortage of dentists.

291. The demand for ophthalmic services is growing, partly as a result of the increasing proportion of older people in the population; but no serious difficulty in maintaining adequate services in Wales has arisen.

292. The rising cost of pharmaceutical services is under continuous review. In Wales, the average cost of drugs per person supplied through the National Health Service has persistently tended to be higher than in England, and research is being carried out into the reasons for this trend.

Local Authority Services

293. The health and welfare services provided by local authorities have a growing part to play in promoting health and social well-being. Their objectives are firstly to prevent illness and disability; secondly, where illness or disability occur but do not require the special services which only hospitals can give,
to assist in the provision of care in the home; and thirdly, in the case of such special groups as the elderly, the physically handicapped and the mentally disordered, to provide residential accommodation and training centres. Through these and the other health and welfare services administered by local authorities, the community tends to the needs of its less fortunate members. To increase their effectiveness, they will need more staff, equipment and premises.

294. Local authorities have reviewed their development plans for the ten years up to 1975-76 and aim to improve the whole range of their health and welfare services. In that period the plans envisage capital expenditure in Wales of over £16.6 million, compared with about £9 million in the previous decade. Local authorities in Wales aim at increasing the number of staff engaged on personal services in the home by 24 per cent and the number of ambulances by 17 per cent. They are planning for a considerable expansion of places in residential and other establishments: for instance, from 39 to 463 in hostels for mentally subnormal adults; from 2,150 to 3,648 in training centres for the mentally subnormal; and from 5,381 to 8,575 in homes for the elderly. They also aim at an increase in the number of health centres from 5 to 28 by 1976, in order to help the more efficient deployment of the family doctor services, and to effect closer co-operation between local health and general practitioners; and present indications are that this number of 28 will be exceeded. The Government wish to secure, through these and other planned developments, as rapid a rate of progress as possible towards a higher standard of health and welfare services in Wales.
To meet modern needs the Government are making fundamental changes in the character of the social security arrangements which were brought into operation in 1948 on the basis of the Beveridge Report. The long-term aims have been to provide earnings-related pensions and benefits which will avoid a sudden, drastic fall in income at the onset of unemployment, sickness or retirement; to improve the position of special groups such as widows; and to remove once and for all the barriers which have discouraged many people in need of supplementary help from seeking it in the form of national assistance. As first steps towards achieving these aims, the rates of unemployment, sickness and widows' benefits and of retirement pension were raised in 1965 by the largest increases in absolute terms since the start of the national insurance scheme in 1948 and there were comparable increases in war pensions and national assistance rates. Subsequently, a system of earnings-related supplements to benefit during the first six months of unemployment, sickness or widowhood has been introduced; national assistance has been replaced by a new system of supplementary benefits, which includes the provision of a form of guaranteed income for old people and others with long-term needs such as the chronic sick; and the former separation of the administration of national insurance and national assistance has ceased with the creation of a new Ministry of Social Security covering the whole field. The Ministry have systematic arrangements for ensuring, by personal approach if need be, that those retiring or widowed are aware of their rights under the new supplementary benefits scheme. Their contacts with these people, and with those receiving supplementary benefit, will provide a valuable means of ensuring that the needs for welfare services, as well as financial needs, do not remain unmet because they are not known to the authorities who can provide for them.

These improvements in the country's system of social security are of particular importance to the people of Wales. In Wales, as will be seen from Chapter V, there are large scale
problems of redeployment in industry and unemployment is well above the average national level. Relatively large numbers of persons are employed in industries such as coal mining which present exceptional hazards of sickness and injury. In recent years some 6 per cent of the total amount paid in national insurance pensions and benefits, war pensions, non-contributory old age pensions and national assistance has been received by people in Wales, where about 5 per cent of the population of Great Britain live.

297. The Government's review of social security is continuing. It includes study of the position of low-wage earners with families and of other special groups, and of the various problems associated with the development of an earnings-related pensions scheme.
CHAPTER XIII

EDUCATION AND CULTURE

EDUCATION

298. The expansion of the economy and social advance will place new and increasing demands on individuals and consequently on the education service. By extending and improving the service as rapidly as resources allow, the Government aim to offer ever-widening opportunities for young people to develop as able, lively and responsible members of the community. In practice, this implies a longer minimum period of study more closely suited to individual needs, and will call for a higher level of expenditure on teachers, buildings and other educational requisites at every level of the system.

The Schools

299. The Government wish to bring about a progressive improvement of the length, quality and conditions of education in schools. They have already declared their intention of raising the school leaving age to 16 in 1970-71. It will also remain their policy to encourage young people to stay at school voluntarily beyond the minimum leaving age. In Wales, where education has traditionally been regarded as the main highway towards a better life, this practice is already widespread: of those in maintained schools and aged 13 in 1962, 17.3 per cent were still in school four years later, as compared with 12.4 per cent in England and Wales as a whole. The Government want to see this trend continue after the school leaving age has been raised.

300. A large programme of school building is required, both to meet the needs of the rising school population, including the increase which will result from raising the school leaving age, and of families in new housing areas, and also as far as possible to
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300. A large programme of school building is required, both to meet the needs of the rising school population, including the increase which will result from raising the school leaving age, and of families in new housing areas, and also as far as possible to
replace old and unsatisfactory school buildings. Between 1966 and 1972 the number of pupils in maintained schools in Wales is expected to rise by about 93,000 or some 21 per cent.

The Government are increasing their allocations for school building. For England and Wales as a whole the authorised level of school building of all kinds is to be raised from £117 million in 1965-66 and 1966-67 to £131 million in 1967-68 and £150 million in 1968-69 and 1969-70, on the basis of limits on costs existing after August 1966. The totals for the years 1968-69 and 1969-70 will include a special allocation for raising the school leaving age. Wales will share fully in this increase. Thus the total sum allocated to Wales for 1968-69 for the major school building programmes and for raising the school leaving age, but exclusive of minor works and allocations to special schools, is just under £8 million, of which £2.94 million is for raising the school leaving age, the comparable figure for 1966-67 (which did not include provision for raising the school leaving age) being £5.4 million.

It is the Government's policy to continue expanding the supply of teachers so that classes can be progressively reduced to the regulation sizes of thirty in secondary schools and forty in primary, or even further. The eight general colleges of education and the one specialist College of Domestic Arts in Wales have already expanded their total student population from about 1,800 in 1957-58 to more than 5,000 in 1966-67, and will increase their numbers further to well over 6,000 by 1968-69.

The Government intend to raise standards and widen opportunities, not merely for selected pupils, but for all. To this end, they propose to eliminate separation in secondary education by encouraging reorganisation on comprehensive lines. Notable progress has already been made in Wales. A Welsh local education authority (Anglesey) was the first in England
and Wales to adopt the comprehensive system for all its secondary schools. In July 1965, when the Department of Education and Science issued their circular 10/65 on comprehensive education, four Welsh authorities, including Anglesey, had already instituted a complete system of comprehensive secondary education; and a year later, by which time plans were required to be submitted, all the other authorities in Wales had plans for the whole of their areas ready or nearly ready.

303. The Government also wish to see further progress in the modernisation of school curricula and teaching methods. These matters are being studied by the Schools Council and their Welsh Committee, and a number of projects aimed at reforming the teaching of English, Welsh, mathematics, science and foreign languages at various levels have been initiated. Special attention is being given to the pattern of sixth form courses and to the changes in the curricula consequent on the raising of the school leaving age. Steps are being taken to familiarise teachers, and pupils approaching school leaving age, with conditions in industry. In addition, plans are being made to encourage the establishment of local and regional centres for teachers concerned in modifying and improving the curricula.

304. The Government are anxious to ensure as far as possible that, in the schools of Wales, all those who wish to learn Welsh should be given the opportunity of doing so. In the mainly Welsh-speaking areas, instruction through the medium of Welsh is common in the primary schools, and in some secondary schools certain subjects are taught in Welsh. In the mainly English-speaking areas, forty-two schools or departments have been established, including five secondary schools, in which the main medium is Welsh. The Government will continue to
encourage the development of schools of this kind, including comprehensive secondary schools, where this is the policy of the local education authority. There will also be increasing attention to the teaching of Welsh as a second language, and to the development and adoption of modern techniques, such as audio-visual aids, for this purpose. As a contribution towards this objective, the University and other educational bodies are carrying out a great deal of research and experiment into methods of extending and improving the teaching of the Welsh language.

Further Education

305. Under the Government's plans there will be a major expansion of the opportunities for further education in Wales, which is required to help meet the country's needs for a wider spread and higher levels of skill and technical expertise. It is proposed to develop courses in the technical colleges at all levels to meet many requirements, including those for industrial training. In Great Britain as a whole, total current expenditure on further education is expected to increase by 50 per cent in the five year period up to 1969-70 and student numbers (full-time equivalent) by over one-third.

306. Special efforts will be needed to achieve this rate of progress in Wales. Although there has been a rapid increase in the number of Welsh students at institutions of further education in recent years, the proportions have not reached the levels found in England, as Table 9 shows.
Further Education: Student Numbers in November 1965

as a Percentage of Age Groups

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Wales only</th>
<th>England and Wales</th>
</tr>
</thead>
<tbody>
<tr>
<td>All students aged 15-17</td>
<td>33.17</td>
<td>33.21</td>
</tr>
<tr>
<td>16-20</td>
<td>21.21</td>
<td>24.77</td>
</tr>
<tr>
<td>Part-time day students aged 15-17</td>
<td>9.46</td>
<td>13.06</td>
</tr>
<tr>
<td>16-20</td>
<td>8.38</td>
<td>10.44</td>
</tr>
</tbody>
</table>

To some extent the short-fall is accounted for by the relatively higher proportions staying on at school in Wales until they are at least 17 years of age and going on to universities, colleges of education or other full-time further education. There is reason to think, however, that the lower intake of apprentices in Wales and the reluctance of some employers to release trainees for further education also accounts in part for the difference. As new training arrangements are worked out under the Industrial Training Act 1964, and as the demands for skill and technical expertise increase in Wales, the use of further education establishments in Wales can be expected to grow.

A further re-shaping of the arrangements for technical education will be required to meet modern needs. The number of students following advanced full-time and sandwich courses in Wales as elsewhere has grown rapidly in recent years and is expected to increase further. The Government have decided that there are advantages to be gained from concentrating these courses in a substantially smaller number of centres, to be designated polytechnics. These will aim eventually at a full-time student population normally at least 2,000 each, and develop a wide range of both full-time and part-time courses for advanced technological and professional students, including courses leading to degrees of the Council for National Academic Awards. The Glamorgan College of Technology at Treforest was in the list of colleges selected.
education authority have been invited to put forward detailed proposals for its development. Discussions with the responsible authorities in North Wales about the arrangements to be made for advanced technical education in that area are in progress.

308. There is also a need to develop agricultural education. Although the agricultural labour force in Wales is declining, demands on the skill and technical proficiency of the remaining manpower are constantly increasing. There are in Wales five agricultural or horticultural institutes offering full-time courses of agricultural education of one year's duration or longer, as well as part-time courses, and a further ten centres which provide such courses on a part-time basis. A proposal is being considered to set up a Welsh Agricultural College at the apex of the structure, to provide three-year sandwich courses in a range of subjects, with consequent changes among the agricultural institutes. In the past, the demand for full-time courses in Wales has been variable and much depends on the increasing support of the farming community; but the Government are anxious to ensure that full-time agricultural education is made available on a scale and at levels sufficient to meet the special needs of Wales.

University Education

309. The Government have accepted that, in the interests of the country and of the individuals concerned, there should be a substantial increase in the number of university students. The targets of student population in universities in the United Kingdom recommended in the Robbins Report were 218,000 places in 1973-74 and about 350,000 by 1980-81, compared with 154,000 (including those in colleges of advanced technology) in 1964. Development to 218,000 places in 1973-74 has already
been approved. The total of full-time students in the University of Wales (excluding the Welsh College of Advanced Technology and St. David's College, Lampeter) in the autumn of 1966 was about 10,500. This was more than double the student numbers in the University in 1956-57. In addition, there were 1,207 full-time students at the Welsh College of Advanced Technology, which is to become a full constituent member of the University, and 263 at St. David's College, Lampeter, which is also discussing its future relationship with the University.

310. The allocations, in the authorised university building programmes, to university institutions in Wales for the four year period 1966-70 amounted in all to £5 million. The immediately following years cover a period when, according to the Robbins Report, the number of University places required will grow more slowly; and it is hoped that the resources then available will be devoted to making good obsolescence, improving facilities, and preparing for the further marked rise in student numbers expected after the early 1970's.

311. In addition to the extensions of scale already approved, the range of studies available in the University has been considerably widened. In the sessions between 1962-63 and 1965-66, twelve new Departments and Chairs and 27 new Chairs within existing Departments were established, and further academic developments are planned. Arrangements are also being made for courses leading to the award of the Bachelor of Education Degree to be established at the expanding colleges of education.

312. Future development in the economic, social and cultural fields, in Wales as elsewhere, depends heavily on the rising scale of expenditure and investment in education. Through applying an increasing share of national resources to the higher, as well as other, levels of the education service, the Government will aim to ensure a constantly
widening spread of educational opportunity for young people. Upon them will fall the challenging tasks of the last quarter of the present century.

CULTURE

The Welsh Language

A large part of the cultural heritage and history of Wales is embodied in the language. It is a distinctive part of the way of life in Wales and is spoken by many as their first language, with English as their second language. Although Welsh speakers have declined in number throughout this century, the Welsh language shows a remarkable strength and vitality in the face of the pressures exerted upon it. The Government and local authorities have increasingly recognised that they can do much to create conditions in which the language can flourish; but in the final resort, as the Council for Wales stated in their report on "The Welsh Language Today" (Cmnd.2198), its future "lies largely in the hands of parents and teachers supported by the goodwill of the community".

Education authorities have for many years sought to increase the use of Welsh in schools and the progress which is being made is described in paragraph 304. Teaching through the medium of Welsh has been extended in recent years to colleges of education and to the University of Wales. The work of voluntary organisations serving the Welsh-speaking population, such as Urdd Gobaith Cymru, has received considerable support and local authorities have been generous in the financial assistance they provide to Welsh institutions, particularly in the contributions they make annually towards the cost of the National Eisteddfod. The publication of Welsh books for adults has been assisted by a Government grant which is now £7,500 a year, administered by the University of Wales Press Board; and the Books Panel of the Welsh Joint Education Committee is doing much
to supplement the publishing of children's books in Welsh. The objectives of these measures are to provide a vehicle for literary activity in the language and an adequate supply of reading material for Welsh readers. It is hoped that the number of Welsh books published annually will soon exceed 200. Steps are also being taken, on the advice of the Library Advisory Council for Wales, to improve the supply of Welsh books in public libraries in Wales and, through the new College of Librarianship at Aberystwyth, to increase the number of bilingual librarians.

315. The Government have accepted the main recommendations of the Hughes Parry Committee on the Legal Status of the Welsh Language. Their report (Cmd. 2755) recommended a relaxation of restrictions on the use of the Welsh language in the administration of justice in Wales which exist despite the passage of the Welsh Courts Act 1942. It is hoped to make steady progress in the use of the Welsh language in Government forms in fair demand despite legal and administrative difficulties, and a panel has been appointed to advise the Welsh Office on translation problems as they arise. New legislation will be needed to give effect to certain of the recommendations of the Hughes Parry Committee and the Secretary of State intends to bring this forward at the earliest practicable date.

The Arts

316. There is a growing and sharper recognition that opportunities to enjoy the arts are important to good living standards. More and more people feel a sense of deprivation if they have little chance to visit theatres, concert-halls and art exhibitions; and many are anxious to cherish the forms of culture inherited from the past. Apart from helping to satisfy these aspirations, the arts and traditional culture are
relevant to the economic development of any country: without them, as an integral part of the environment, it is the less attractive to industrialists and tourists. People cannot be expected to settle contentedly without opportunities for a wide range of cultural activity.

317. Wales, unfortunately, is seriously deficient in good buildings and facilities for the arts. The Council for Wales has pointed out (1) that there is not a single purpose-built concert hall or a modern theatre equipped for professional drama of a high standard, no opera house and no national symphony orchestra. In Wales, where poetry, singing and drama are fervently admired, cultural development has followed a different path and has been largely based on the hearth, the chapel and the Welsh language. In a rural economy, for many years virtually cut off from metropolitan centres, people made their own entertainments and followed their own artistic bents. Each village had its singers, poets and instrumentalists, and perhaps its choir and drama group. Fostered by the eisteddfodau, these amateur traditions have strongly persisted. Until fairly recent years, Wales has not seriously felt its lack of modern arts buildings. The village hall, the chapel vestry, the eisteddfod tent served.

318. More recently new ambitions have been stirring. The singer who used to be content with an eisteddfod medal now aims at Covent Garden or La Scala; local choir members have swollen the ranks of the Welsh National Opera Company's fine chorus; the drama enthusiast makes his way into television; Welsh painters and sculptors exhibit in London and New York; and through travel and in other ways people in Wales are becoming better acquainted with the artistic endeavours of other nations.

(1) Report on the Arts in Wales (Cmd. 2983).
All this is having a profound and gathering effect, and the demand for a better range of facilities to enjoy the arts is growing.

Through the activities of the Welsh Arts Council, a great deal has been done both to stimulate and to satisfy this sharpening appetite. The Council for Wales have paid tribute to their work in organising and financing a great variety of concerts, plays and exhibitions and in providing help for creative artists and performers. To support this work, through the Welsh Arts Council Government financial help has increased from £61,000 in 1960-61 to over £155,000 in 1964-65 and £430,000 in 1967-68. Large allocations have been made to help the Welsh National Opera Company and the Welsh Theatre Company, while the needs of smaller organisations and individual artists have not been neglected. This is just one stage in the erection of a solid structure for the support of the arts in Wales. In the White Paper on "A Policy for the Arts" (Cmnd, 2601), the Government have suggested some lines for advance as resources allow.

There is a growing consciousness in Wales of the need to provide new buildings for the arts, especially well-equipped theatres. There are schemes for building a theatre in Cardiff as a main centre for productions in the English language, a complementary theatre in Bangor to specialise in presenting drama in the Welsh language, and a mobile theatre of advanced design which could be brought into use more quickly and would make it possible to take performances to all parts of Wales. Purpose-built concert halls and art galleries are needed in the larger centres of population in Wales and there should be opportunities to fit some of these into schemes for the redevelopment of town centres. Funds, administered by the Arts Council, have been made available to assist with the cost of constructing or adapting buildings for the arts; and the provision of a new administrative headquarters for the Welsh
National Opera Company is being supported in this way. There are now better prospects that the serious lack of modern buildings for the arts in Wales will be remedied in time, but much will depend on the determined and united efforts of those who care most deeply about the present deficiencies.

321. The essential basis of further progress is stronger and better organised public support. This can probably be best brought about through the creation of local and regional associations for the arts, which can seek to combine the efforts of the Arts Council, local authorities, the University, local arts societies and both sides of industry in a fruitful partnership. Given this solid backing, events can be organised, and new buildings for the arts can be constructed, with a stronger guarantee of success. Some progress has been made in Wales. In Anglesey, for instance, an arts trust has been established to organise festivals, concerts and other artistic occasions of a professional standard, and plans have been made for developing a local arts centre on the island. The Government are aiding such developments through the funds referred to in paragraph 319. Grants are available to assist the formation and running of regional arts associations and have already been given to help in the creation of an association in North Wales. The Government are anxious to ensure that the arts are made available to wider sections of the population in all parts of the country. It now rests with local authorities and other interested bodies to respond to this encouragement and to take up the challenge of building a modern structure of support for the arts in Wales.

National Institutions

322. Since the War there has been increasingly intense pressure on the space available at the National Museum and National Library of Wales. The Government are anxious to see these important cultural institutions develop, and have assumed a large share of the financial responsibility for this. A twelve-year building.
programme at a cost of £700,000 was approved in November 1964, which will enable extensions and improvements to be carried out at the National Museum, the Welsh Folk Museum and the National Library. The Government plan to meet 90 per cent of the capital cost of this programme, in addition to providing grants to cover the whole of the approved expenditure of the institutions on revenue account which is estimated to total about £540,000 in 1967-63. Part of the new development will help in furthering the Government's aim to provide more attractive restaurants, lecture rooms and amenities for visitors.

**BROADCASTING**

323. Broadcasting authorities have had to meet several problems in providing services in Wales. The mountainous nature of the country inhibits the reception of programmes in many places; the sparsity of the population over large areas makes it difficult to provide services economically; and additional facilities have to be provided to meet Welsh cultural and linguistic needs. Nevertheless, good progress has been made in developing sound and television services for people in Wales, as Table 10 shows.
<table>
<thead>
<tr>
<th>Proportion of population reached (approx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
</tr>
</tbody>
</table>

**British Broadcasting Corporation**

<table>
<thead>
<tr>
<th>Sound Services</th>
<th>Proportion reached</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home, Light and Third, Very High Frequency (V.H.F.) Sound Services</td>
<td>96</td>
</tr>
</tbody>
</table>

**Television**

<table>
<thead>
<tr>
<th>Programme</th>
<th>Proportion reached</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.B.C.1 and/or B.B.C. Wales</td>
<td>96</td>
</tr>
<tr>
<td>(a) B.B.C. 1 (English Version)</td>
<td>87</td>
</tr>
<tr>
<td>(b) B.B.C. Wales (Welsh Programme)</td>
<td>71</td>
</tr>
<tr>
<td>B.B.C. 2</td>
<td>25</td>
</tr>
</tbody>
</table>

**Independent Television Authority**

<table>
<thead>
<tr>
<th>Programme</th>
<th>Proportion reached</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television Wales and West</td>
<td>91</td>
</tr>
<tr>
<td>(a) English Version</td>
<td>68</td>
</tr>
<tr>
<td>(b) Teledu Cymru</td>
<td>82</td>
</tr>
</tbody>
</table>

* In addition, sound transmissions on long and medium waves are received in many areas.

Wales has a wider choice of television programmes than is normally found elsewhere in the United Kingdom. When first brought to Wales, B.B.C. and I.T.A. television services were shared with viewers in the West of England. New transmitters were later installed to provide separate Welsh services on very high frequency, and B.B.C. 2 programmes on ultra high frequency (U.H.F.) have also been introduced in South Wales with the result that many parts of Wales have access to four television programmes and South Wales can receive five. The additional facilities have made it possible to provide more programmes of special Welsh interest or in the Welsh language at peak viewing times.
While it is aimed to extend television services to further sections of the population, there are serious obstacles to overcome. Many people cannot receive signals directly from the high-power transmitters because the wireless waves are impeded by mountains. The usual solution is to relay programmes through low-power stations; but this involves the use, or so far as practicable the re-use, of the limited number of channels available to Britain under international agreement, and the stage has now been reached when enough suitable frequencies are not available. Even if they were, the cost of providing new stations might be disproportionately high in relation to the numbers served. For instance, while the capital cost for people reached by the main high-power transmitters of the B.B.C. is less than a shilling a head, the comparative cost for those served by low-power relay stations may be £5 and can be more than double that amount when a special radio link is needed. Progress by the B.B.C. and I.T.A. in serving people in the remoter areas must therefore depend on the technical and financial resources available. Similar difficulties, though less weighty, apply to the extension of sound broadcasting.

Despite these difficulties, the B.B.C. and the I.T.A. are planning to increase the coverage of their programmes in Wales. By the end of 1968 the B.B.C. hope to complete the construction of a further eight low-power V.H.F. stations to relay B.B.C. Wales programmes, two high-power U.H.F. stations to transmit B.B.C. 2 in North Wales, at least four low-power U.H.F. stations to relay B.B.C. 2 in South Wales and three low-power V.H.F. relay stations for sound broadcasting. The proportions of the population then able to receive programmes will be about 75 per cent (B.B.C. Wales, Welsh programme), 96 per cent (B.B.C. 1 or B.B.C. Wales or both), 53 per cent (B.B.C. 2) and 96 per cent (sound broadcasts on V.H.F.).
has also authorised the construction of six more V.H.F. stations by the I.T.A. These should be completed by 1969 and will bring Teledu Cymru within reach of a further 41,000 people in Wales.

327. As the B.B.C. have announced, the colour service will start on B.B.C. 2 on 2nd December 1967.

This service will be transmitted from the Corporation's U.H.F. stations and will cover nearly half the population of Wales from the outset. It will be extended to other parts of Wales as additional U.H.F. transmitters for B.B.C. 2 are brought into service. It is expected that colour will be introduced into the B.B.C. 1 and independent television services in England within the next three years, as part of the plan to change the television line standard, and will thereafter be extended to parts of Wales.

328. As was announced in December 1966 (Cmd. 3169) the B.B.C. will provide a popular music programme, which will cover by day about three quarters of the population of Wales.
The problems discussed in earlier Chapters occur with varying emphasis in different parts of Wales; and the purpose of the Chapters which follow is to examine the main problems and prospects of individual areas. For this purpose it is convenient to divide Wales into the five parts shown on Map No. 3:

(a) Industrial South Wales (Glamorgan, Monmouthshire and parts of Brecknockshire and Carmarthenshire);
(b) Industrial North-East Wales (the Wrexham area and the Deeside coastal strip);
(c) Central Wales (Brecknockshire north of the Beacons, Montgomeryshire and Radnorshire);
(d) North-West Wales (Anglesey, Caernarvonshire, Merioneth) most of Denbighshire and part of Flintshire);
(e) West Wales (Cardiganshire, Pembrokeshire and the rural part of Carmarthenshire).

Some of these areas have common problems. Industrial South Wales and North-East Wales are deeply concerned with the future of the coal and steel industries. The other three areas are predominantly agricultural. Among them, Central Wales is considered separately because it differs in some important respects from the other counties of Mid-Wales divided from it by the Plynlimmon range. But it shares with them the deep disquiet felt in Wales about the problem of rural depopulation, which in 1957 led to the formation, by the counties of Brecknockshire, Cardiganshire, Merioneth, Montgomeryshire and Radnorshire, of the Mid-Wales Industrial Development Association. The Government's efforts to deal with this problem relate to the whole of rural Wales.
331. In these Chapters, account has been taken of the views expressed by local authorities and other bodies about the development of particular areas in Wales. The implementation of the policies described in them will call for the close co-operation of local authorities and will be the subject of full local consultation.

CHAPTER XIV

INDUSTRIAL SOUTH WALES

332. This area, extending some 80 miles along the coast from roughly Kidwelly in the west to Chepstow in the east and up to 30 miles in depth, contains the heaviest concentrations of population in industry in Wales. It comprises a coastal plain which broadens into the Vale of Glamorgan, backed by mountainous country deeply dissected by valleys, many of which are narrow. Though covering less than a quarter of Wales, the area houses nearly 70 per cent of the population and almost three-quarters of the employee population. Between 1951 and 1966, the population of the area increased by 92,500 to 1,834,900. It contains the largest towns in Wales (Cardiff, Swansea and Newport), the only other towns (Rhondda, Merthyr Tydfil and Port Talbot) with a population exceeding 50,000 and several comparable in size with the largest town (Wrexham) elsewhere in Wales. Many of the problems which South Wales faces today have their origin in the industrial development which took place in the last century. Although this is the most heavily industrialised part of Wales, most of the area consists of rolling farm-land and hill-top plateau.

Changing Structure

333. The most pressing problems and the most promising prospects of further development spring from the rapidly changing structure and distribution of industry and employment in South Wales. For a long period before the Second World War the area was almost entirely dependent on mining, quarrying and
metal manufacture. Although those industries still provide work for almost a third of the male employee population, there has in the past three decades been a rapid growth of both male and female employment in service and light manufacturing industries and the industrial base of the area has substantially broadened. Today about 37 per cent of employees in South Wales (male and female) are engaged in manufacturing industry (including steel) and about 50 per cent in service (including construction) industries. But a balanced economic structure has not yet been achieved: the rapid contraction of employment in the South Wales coal industry, the number of workers in which has nearly halved since 1953, is continuing and a marked reduction of employment is also expected in the steel industry. This both presents a need for the rapid development of new industrial employment and provides an opportunity for it. The substantial numbers of men becoming available for new employment will be mainly those now living in South Wales, especially in the mining valleys and the western part of the area. There are also considerable reserves of female labour. The economy and people of South Wales have already shown their resilience to change; and the process of change is far from ended. The aim of the Government is to provide for a viable though smaller coal industry in the area, to consolidate the position on steel, and to encourage the growth of new employment opportunities as part of a pattern of planned and integrated development.

The Valleys

The problems of planning for change are most prominently posed in the mining valleys, where much of the original economic basis has gone and has been only partially replaced by new industry. In many of these valleys it is physically impossible to provide new jobs on the scale necessary to meet all employment needs locally and there has, in the past, been heavy emigration both to the coastal plain and out of Wales. To some extent a reduction in population has eased
overcrowding; but the valleys still contain just under half the population of South Wales in physically constricted communities, and there is a shortage of building land, particularly in the narrower valleys. Some continuing migration from the valleys is inevitable and the future levels of population and the standards of housing and amenities in the valleys will continue to need detailed study by the Government and local planning authorities. The reorganised coal industry in Wales will still depend for its labour on people living in the valleys. For both economic and social reasons the Government reject any policy which would assume the disintegration of the substantial valley communities; and they propose instead to seek a solution in an integrated plan of development for South Wales as a whole, recognising the close interlocking of economic and social activity and interdependence of interests between the valleys and the rest of South Wales.

One element in an integrated plan must be the establishment of new employment in the valleys themselves, in so far as this is practicable; so as to reduce emigration or travel to work, to encourage the fuller use of female labour and to help provide jobs for men with disabilities incurred in the mining industry. At the northern ends of the valleys in the east, where they broaden out, and in the more open valleys in the west, there are fewer difficulties in finding industrial sites. The Heads of the Valleys road will help such towns as Merthyr Tydfil, Aberdare, Tredegar and Brynmawr to have an assured future and to achieve some growth. The Government recognise the need to foster new industrial development within the South Wales valleys, although the problem of obtaining suitable sites will prevent as much being done in this direction as they would wish. Development must be mainly composed of relatively small units suited to such locations. Many units have already been established.
successfully and the Government have sought to give a further stimulus to growth of this kind by siting advance factories in the valleys.

336. At the same time, the valley communities are likely to rely to an increasing extent on employment within reasonable daily travelling distance of their homes; and in this way it will be easier to provide them with an adequate amount and sufficient choice of employment. Many people living in the valleys already work in Cardiff, Newport, Swansea and Port Talbot and even more people have always used the main coastal towns for their shopping and entertainment, while daily travel to work is nowadays much more practicable and acceptable. The effect of economic changes on communities which have been virtually wholly dependent on coal mining is the subject of a sociological research project commissioned from the University College of Wales, Swansea, by the Welsh Office. This project will be started in October 1967 and will take two years to complete.

337. The valleys will also need substantial improvements to their environment. The housing effort in the valley towns will need for some years to be mainly concentrated on the replacement of unfit houses. New housing development has usually taken place on the periphery of the towns, with little attention to most of the existing built-up area. In some towns an attempt has been made to redevelop parts of the central commercial areas; but what is generally needed is a comprehensive programme of internal and environmental development in which opportunities would be taken to allow for a better road pattern, to provide garaging and parking facilities, to clear derelict areas, to replace obsolete street fittings and generally to improve the appearance of the towns: such programmes will involve the demolition of some properties. Studies are being made of urban renewal and environmental problems in the Rhondda, in the Aber Valley at Caerphilly, at Pontypriadd and at Bridgend, and other local authorities are realizing the importance of tackling these problems.
Valley Mouths

338. The rehabilitation of the valleys must be accompanied by substantial new development within commuting distance to ensure the most productive use of their labour resources.

The parts of South Wales most favourable to major growth are the valley mouths and the coastal belt. The Government will seek to steer major new industrial development to the valley mouths and to those parts of the coastal belt which lie in the Development Area, where it will be close to the valley communities. In terms of suitability and attractiveness of location for a wide range of industry, there is, east of Bridgend, little to choose between the immediate coastal area and the northern edge of the coastal plain including the lower reaches of some of the valleys opening on to it. The valley mouths are easily accessible to the coastal towns and ports. This does not exclude the possibility of some industrial development in the rest of the coastal belt, particularly for certain enterprises which need to be at ports. But the needs of the area as a whole argue strongly in favour of concentrating most development during the years immediately ahead at sites in the Development Area.

339. Some "valley mouth" areas offer outstanding possibilities for major development. Those which satisfy most clearly the criteria for growth are the Neath-Swansea-Llanelli area in the west (where the coastal plain is narrow and it is not possible to differentiate meaningfully between the coast and valley mouths) and, in the east, the Bridgend, Llantrisant, Caerphilly-Blackwood and Cwmbran-Pontypool areas. Among these, the Llantrisant area is particularly well placed in relation to the largest concentrations of valley populations.
It has ample land suitable for large-scale industrial projects. The Government have already acquired an industrial site in this area and started substantial new factory development there. It has been decided that the Royal Mint shall be established at Llantrisant. The interlocking and inter-dependence of the different parts of Wales and of the activities of its people are well illustrated by the role which could be played by a new centre of urban growth in this area. It could house a fair proportion of the future increase of population in South Wales and be a focus for appreciable economic growth. It would attract industry and provide employment opportunities for some of those living in the nearby Rhondda and Taff valleys, thus ensuring continued use of the existing social investment there in houses, schools, and other services. It would reduce the pressure to develop on the periphery of Cardiff and on the coast. It would encourage those who wish to leave the mining valleys or the rural areas not to leave Wales. It would provide homes for those working at collieries and factories in its neighbourhood, and for some who might work in Cardiff.

The Secretary of State has accordingly decided, as an immediate first step, to appoint consultants to advise on the desirable future scale, timing, layout, cost and organisation of urban growth in the Llantrisant area and its neighbourhood.

Cardiff

340. The City of Cardiff should assume an increasingly important part in the life and economy of South Wales. Its development should be based, not so much on further growth in the City of general manufacturing industry, as on a major expansion of administrative and commercial services, shopping facilities, higher education, research activities, entertainment, sports and arts services, which it already provides as a regional centre and the capital city of Wales. Cardiff is
within two-and-a-quarter hours train journey from London. It has a large but not fully used dock system; a rapidly developing University College and College of Advanced Technology; one of the finest civic centres in Britain; and considerable potential for tourist and other development. Looking well ahead, the City Council have commissioned, in conjunction with the Welsh Office, a development and transportation study of the City by Colin Buchanan and Partners. The interim report already published recommends a new
primary highway network and a northerly expansion of the central commercial and administrative areas of Cardiff, and contains proposals for the future use of land in the centre of the City to accommodate modern shopping, office, cultural and other facilities, with proper regard to the needs and convenience of traffic and pedestrians. The City Council have accepted in principle the recommendations in the report, and in their implementation they will have the full support of the Secretary of State.

Swansea

341. In the west of the area, Swansea has an important function to fulfill, as a shopping, office and cultural centre. Moreover the Swansea County Borough Council and neighbouring local authorities have a particularly important part to play in providing sites for the new industries needed to offset the decline in employment in coal and steel. Fortunately, Swansea has outstanding natural and acquired advantages - a fine modern port, a rapidly expanding University College with excellent scientific and technological facilities, a newly re-built shopping centre and, near at hand, the beautiful countryside and beaches of the Gower peninsula. The improvement of the A.46 trunk road and of the Heads of the Valleys road have brought the town much closer in travelling time to the Severn Bridge and the Midlands and will facilitate a faster rate of economic growth. There is ample land for industrial expansion and foreseeable housing and other needs. Much redevelopment is still required around the town centre, particularly towards the dock area, which will call for a high standard of planning and civic design and a detailed study of the complex traffic problems in the town. Another problem is the widespread dereliction at Landore. This locality has been the subject of the detailed technical study described in paragraph 271 which suggests a scheme of remedial treatment and rehabilitation. The local authority are examining this scheme and the redevelopment prospects of the foreshore following the closure of the railway along the sea front, and the Government attach great importance to this being followed by early action.
Newport

342. Newport, on the eastern side of the area, is well placed for further development. The construction of the Severn Bridge and M.4 and the proposed road to link with the Ross Spur will appreciably increase its locational advantages. This industrial town has a rapidly growing port with ample land and considerable potential for further expansion. Work is in progress on a £2½ million scheme to provide two modern berths for handling timber imports and, possibly, container ships, the first phase of which is due for completion by September 1967. Further facilities can be provided fairly cheaply and, with vastly improved road communications with the Midlands, trade through the port is expected to grow substantially. The town's functions as a centre for administration and shopping are also increasing in importance. Looking ahead, Severnside is the subject of a feasibility study by the Government, in the light of the expected population increase of Great Britain, to examine its potential as an area for accommodating a large addition of population; the future of much of Monmouthshire may be deeply affected by its results.

Roads

343. A programme of improved inter-urban roads is vital to the balanced development of South Wales. There appears to be a strong case for a new road westwards from the present termination of the M.4 Motorway, just west of Newport. In the light of the proposals for major growth along the Llantrisant-Bridgend axis, it may prove advantageous to construct this extension across the Vale of Glamorgan, coupled with relatively modest improvement of the parallel stretch of A.48. Major improvements will be required to the A.48 westwards from Bridgend to Carmarthen; the completion of the Port Talbot By-pass has been an important step forward and plans are in
hand to start a Morriston By-pass in 1968-69. In order to enhance the prospects of growth in the Swansea and Llanelli areas and in towns along the route, the Heads of the Valleys road needs to be further improved westwards to join the A43 near Neath, and eastwards to Raglan whence it would be linked with the Ross Spur Motorway M50. The Glyn-Neath By-pass and a new road between Aberdulais and Llandarcy by-passing Neath have been included in the road programme for 1969-71. Besides these improvements to the main east-west routes, the Welsh Office have given priority to raising the standard of the Cardiff-Merthyr trunk road A470. Good roads are also needed in the valleys themselves and arrangements are being made for land use/transport studies of the whole network of roads in these areas.

**Amenities**

344. Over the whole of South Wales, as has been indicated in earlier Chapters, there is a considerable environmental problem, ranging from the preservation of amenities to the renewal and improvement of the urban fabric and of water and sewerage systems. The coastline must be protected from further spoliation and better facilities for access to the seaside and its enjoyment need to be developed. Industrial dereliction, which is widespread, needs to be tackled vigorously, both in the mining valleys and in areas like Landore. There is much that can be done to restore to the parts of South Wales affected the attractive environment which existed before the less admirable results of nineteenth century industrialism took their toll.

**Conclusion**

345. The population of the area may be expected to rise from 1,834,900 in 1966 to at least 2,024,000 over the next fifteen years. With a determined drive to raise environmental standards; with the planned improvements in communications; with the aid to growth which will come from the inclusion of most of South Wales in the Development Area; with its many advantages both
as a base for work and recreation and as a location for new
development, South Wales as a whole has sound prospects for economic
growth. It has a good strategic position in the United Kingdom,
lying on a major estuary and close to the Midlands and Southern
England. The Severn Bridge and other major road works are
greatly improving its accessibility and it is clear that the
potential of its port facilities and adaptable labour supply,
which in the past have often been under-used, should now be more
fully developed to the benefit of the United Kingdom.
CHAPTER XV

INDUSTRIAL NORTH-EAST WALES

346. This small part of Wales—covering only 4 per cent of the total land area, but with 8 per cent of the population—calls for separate consideration because of its distinctive industrial character and growth prospects. It covers the Wrexham area and the Dee side coastal strip and extends on the west to the Clwydian range of hills. It includes the North Wales coalfield and has important steel and textile plants.

There is an even greater emphasis on manufacturing industry (about 50 per cent of the employee population, compared with about 10 per cent in extractive industry) than in South Wales. Much of the manufacture, particularly of steel, textiles, chemicals and aircraft, is carried out in large plants, and there is some concern lest a reduction of employment in any of them should occur. The economy of the area is, however, generally strong, is increasingly affected by the close proximity of Merseyside and Chester; and its long-term problems are more likely to be those of expansion than of decline. The largest town is Wrexham, with nearly 37,000 inhabitants, and the adjoining Wrexham Rural District has nearly 63,000. The population of the whole area increased by nearly 14,000 to 215,000 in the period 1951 to 1966 and this upward trend is expected to accelerate.

347. The economy of the area has been affected by the decline of employment in coal mining, and some reduction of manpower is probable in an increasingly automated steel industry, but overall employment trends are favourable. In recent years, there has been a growth in the employee population, from 71,000 in 1959 to 76,000 in 1966 and, compared with other parts of Wales, unemployment in North-East Wales is low. The main problems have arisen in the Wrexham district, but this has been
included in the Welsh Development Area and the prospect of new industrial development is encouraging. There is ample land in North-East Wales suitable for further industrial development. 227

348. To establish the economy of the area on a firm long-term basis, the main need is to improve its accessibility by road. Although heavy flows of traffic in the area are largely seasonal, accessibility here and farther west depends on the ability of industrial and tourist traffic to proceed throughout the year along the main routes without excessive delay. The Dee estuary forms a considerable barrier to communications with Merseyside. The main point of access is the Queensferry Bridge, and although this was opened only four years ago, the amount of traffic using it is already nearing its designed capacity. The construction of a further crossing of the Dee at a lower point has been proposed by the local authorities. The Government have undertaken to meet a large share of the costs of a feasibility study of this project which, in addition to shortening communications, could bring other considerable advantages to the area. A first stage report on this study by consultants has already been submitted to the Welsh Office. Adequate links with the national motorway system are also needed, and the Welsh Office propose to improve the road from Queensferry to the M.6 near Warrington to near motorway standard. Within the area, substantial improvements have been carried out on the A.55 trunk road which will be reconstructed to a dual-carriageway road. Other important industrial arteries are the A.483 (Manchester/Swansea trunk road), which serves the Wrexham area and passes through much urban development, and the A.5 (London/Holyhead) road. The former is seriously overloaded; the construction of a £2 million by-pass of Wrexham is expected to start in 1970 and other improvements are planned.

349. Communications by rail and air are also important to North-East Wales. The Government have decided that two main railway lines serving the area - from Shrewsbury to Chester via Wrexham and from Chester to Holyhead - will continue as part of
the basic railway network; and the closure of some of the smaller and more uneconomic stations in the area has made it possible to increase the speed and efficiency of main line services. Facilities for air travel have also improved. In their first four years of operation, services between the airfield at Hawarden and other United Kingdom centres have received encouraging support and show good prospects of becoming firmly established.

350. The improvement of communications, coupled with growing pressure from Merseyside, will give rise to urban growth requiring careful planning control. On current trends the population of the area could rise by at least 35,000 to 250,000 or more in fifteen years. This could be accommodated without encroaching on good quality agricultural land: there is no shortage of land for housing and a modest expansion of existing towns, with some emphasis on the growth of Wrexham, should meet the need for new and replacement houses. A sharper increase in population could occur, particularly if a new crossing of the Dee is put in hand, as the travelling distance between Merseyside and North Wales would then be reduced by about 16 miles, and North-East Wales, as well as the whole of North Wales, would attract population from Merseyside.

Much research relating to the planning of North-East Wales is currently being undertaken with Government support. A regional land use/transportation study is being made for Merseyside and North-West Cheshire, and a similar but smaller-scale study is being carried out in the Wrexham area.

351. Much can be done to improve the amenities of North-East Wales. The town centres contain outworn property and are congested with traffic. There will be opportunities to improve access and segregate traffic and pedestrians, as part of the process of slum clearance and urban renewal,
Plans for the redevelopment of Wrexham and some of the Flintshire towns are available or are being prepared, and the Welsh Office will continue to encourage local authorities to use their powers to secure comprehensive redevelopment so far as resources allow. The natural attractions of the area - the Clwydian Hills, the Vale of Llangollen and the countryside generally - are of a high order, and their protection will call for continued vigilance. Past industrial development, particularly the working of coal and other minerals, has left some dereliction and a vigorous effort to clear and re-use or landscape derelict sites is necessary here as in South Wales.

352. The general economic outlook for North-East Wales is good. The Government will aim to ensure the full use of the labour and other resources available in the area. In the longer run, the main need will be for the orderly regulation of the new growth which may be expected and for the improvement of the environment.
Central Wales, consisting of the county of Brecknock north of the Beacons, Montgomeryshire and Radnorshire, has a high proportion of hill land and a very sparse population: these two factors are clearly connected. About 80 per cent of the area is above the 600 ft. contour, and 50 per cent above 1,000 ft. Much of the soil is poor or difficult to work and, with changes in agricultural conditions, the number of people engaged in agriculture has steadily declined to what is now a comparatively small figure. Although, therefore, the area comprises nearly a quarter of the land surface of Wales, it contains only 3 per cent of the population. Extractive industries (principally agriculture and forestry) still provide 15 per cent of the employment, service and construction industries 73 per cent, and manufacturing only 12 per cent: this employment structure shows the under-development of the economy of the area.

Yet, Central Wales is not remote from areas of intensive development: it is almost as close to the heavy concentrations of industry and population in South Wales and the Midlands as is the south coast of England to London; and this reasonable proximity might be expected to confer important advantages on the area for the development of both industry and tourism. It has ample space for growth, compared with the very congested areas not far away, and great potentialities as an area for outdoor recreation. These and the other assets of Central Wales have not been fully developed, and what has been done has not been sufficient to stem depopulation.

Decline of Population

The drift of people from the area has continued, more or less unchecked, for very many years, and the causes of
this migration are complex. Agriculture has required less manpower because of improved productivity and changes in farming methods, and other traditional industries and crafts, like the local woollen industry, have sharply declined or vanished altogether. New forms of employment have not developed on a sufficient scale in the area to replace the lost employment opportunities. So people have gone elsewhere, primarily in search of jobs or a better choice of jobs. Limited service facilities and the attraction of bright lights have played their part in a process which has eroded the population of Central Wales, and other Welsh rural areas, and which still continues. The population of the area dropped from 50,000 in 1951 to 85,000 in 1962 and has since remained at that level.

This decline of population, though experienced to some degree by parts of England, has affected a much larger continuous area in Wales and has created problems which are more intense. The heavy outward migration of young adults, especially marked in Central Wales in recent years, has unbalanced the age structure of the population, and has left a larger proportion of people aged 65 or over (about 13.7 per cent compared with 11.9 per cent in England and Wales as a whole). The sparsity of population, coupled with the relative shortage of younger adults, has made it difficult for new industry to develop on any substantial scale. As a result income levels have remained low.

Even more serious, since it strikes at the roots of the economic and social life of the area, is the increasing difficulty of providing or maintaining public and other services. Either they are not viable, since they depend on too small a population for support, or they are too far away to meet people's needs or convenience. Schools are liable to be closed,
so that children are obliged to travel long distances, or, especially in the case of further education, it is grossly uneconomic to establish them in the area at all. Similar difficulties affect the health services. Transport, electricity, gas, water and drainage facilities are difficult to provide and maintain without heavy subsidies. About four-fifths of the cost of local authority services has to be met from the Exchequer. Urban centres are small and have limited service and entertainment facilities. Welshpool, the largest town in Central Wales, has a population of only 6,500. As population continues to decline, the viability of services of all kinds is further undermined. If this process were allowed to continue, a large part of Wales, far from contributing a due share to national prosperity, would become an increasing burden on the rest of the country. These problems are shared by other rural areas of Wales.

Agriculture, Forestry and the Holiday Industry

358. The objective must be to reverse the decline of population, which has already gone too far; but this will not be achieved simply through the support and development of the existing rural industries. The measures which the Government are taking to assist agriculture, and which are described in paragraphs 110-113, will be of special importance to Central Wales, particularly in the encouragement they give to the establishment of larger farms and the greater productivity of labour; although this implies a reduction, rather than an increase, in the numbers of people getting a living from agriculture. The further development of public and private continue to forestry will also be supported by Government investment: in the long run this should result, both directly and indirectly, in increased employment and help particularly the remoter parts of Central Wales, although not on a scale sufficient to meet the larger problem of the area.
In addition to investing in agriculture and forestry, the Government will seek to establish them on a stronger and more integrated basis through setting up a Rural Development Board in Mid-Wales. The activities of the Board, in encouraging a more rational use of land, an increase in the number of larger farms and co-ordination of the requirements of agriculture and forestry, should do much to help the prosperity of people in the area.

A further contribution should come from the development of holiday and recreation facilities. The area has fine and varied natural beauty, including most of the Brecon Beacons National Park and much of the proposed new National Park. It already offers a wide range of outdoor recreation, including touring, walking, pony-trekking and fishing. These facilities are as yet insufficiently known and used. There are further possibilities in the development for recreational, as well as other, purposes of the abundant water resources of the area; and the Government are determined that this great asset shall be used with careful concern for the people whose lives and livelihood may be directly affected and in ways that will bring benefit to the area. There are outstanding prospects that Central Wales could become part of a major new recreation area if its natural advantages were fully utilised. The efforts of the Wales Tourist Board described in paragraphs 140-143 will be supplemented by what the proposed new Countryside Commission referred to in paragraph 265 can do to encourage enjoyment of the area by visitors. This will bring welcome aid to its economy, but is unlikely to lead to a substantial increase in employment opportunities, which would be largely confined to the holiday season.
Manufacturing Industry

361. A main source of new employment in the area must be in new manufacturing industries; and experience so far in attracting new industry, if mostly on a small scale, has been encouraging. In the wider area of the five counties served by the Mid-Wales Industrial Development Association, thirty industrial enterprises have been set up since 1957 and eleven of these have had subsequent extensions. They at present employ approximately 650 men and 850 women. Fifteen of them are in premises built with Government funds, four as advance factories. The Government have authorised the construction of further advance factories in Central Wales at Builth Wells, Llandrindod Wells and Rhayader; and elsewhere in the Mid-Wales area at Corwen and Dolgellau. In 1965 they announced their aim of doubling, from 100 to 200 jobs a year, the rate of additional factory employment to be provided in Mid-Wales. It has been demonstrated that light manufacturing industry can flourish in the small country towns and its establishment there will receive further encouragement from the inclusion of the whole of Mid-Wales in the Welsh Development Area.

The Towns

362. The Government believe that, alongside the encouragement of manufacturing industry, efforts must be directed at strengthening the towns in the area. There are two serious obstacles to the growth of manufacturing or labour-intensive service industry on any considerable scale. The first is the lack of adequate reserves of labour in the area: unemployment is generally low and, while there may be some unused resources, particularly of female workers, these are small and thinly dispersed. Secondly, the existing towns lack sufficient services to attract new industry. The solution must lie in building up simultaneously both new industry and the population and the
If this can be done, it would bring advantages to Mid-Wales and to Britain. The creation of a stronger urban structure would ensure the maintenance of essential services to agriculture and other existing industries. It could also, by providing alternative employment opportunities in the area, assist towards securing a quicker and easier transition to a more economic system of agriculture, with larger farms and increased mechanisation and productivity. There would be better services for holiday visitors. Dependence on the Exchequer would be gradually reduced and Mid-Wales would contribute more to national production.

It was for these reasons that in 1965 a firm of consultants (Economic Associates Ltd.) was appointed to advise on the possibility, through the machinery of the New Towns Act, of establishing an economically viable urban centre in Mid-Wales, which, by making available new opportunities for employment, and by offering suitable services and facilities, would arrest and possibly reverse the depopulation and strengthen the area's economy. In their report, (1) published in July 1966, the consultants advised that a town of some 70,000 people, centred upon Caersws in Montgomeryshire and based partly on manufacturing and partly on recreational services, could become viable, if the right sort of conditions were created to enable it to do so. They recommended that the town should have its main centre at Caersws and should embrace Newtown, Llanidloes and Trefeglwys; that it should be built up to its target population over a period of about twenty years; that one of its specific

(1) A New Town in Mid-Wales, a report to the Secretary of State for Wales by Economic Associates, Ltd., published by H.M.S.O.
functions should be to act as a gateway to a proposed National Park in
the Plynlimmon area immediately to the west of the town; and that there
should also be a series of developments in some of the smaller towns of
Mid-Wales outside the area of the new town.

365. The Government consulted the Welsh Economic Council, the
West Midlands Economic Council and the local authorities and other
organisations most directly concerned, about these proposals. A
majority, but not all, of those consulted were in favour of the
proposed new town, while there was unanimous agreement about the need
to build up the existing towns. The early achievement of both these
objectives would, however, involve a heavy call on resources. Moreover,
the success of a new town of 70,000 in Mid-Wales would turn on the ability
to provide all the jobs required by its residents. With the new
industry needed for a commensurate growth of existing towns, not far
short of 2,000 new jobs a year would be needed in Mid-Wales to ensure
achievement of both objectives and the Government are not convinced at
this stage that industry on this scale would be forthcoming. To
attempt to do too much would be to run a real risk that neither the new
town nor the expansion of existing towns would be successful. The
contribution which a substantial urban development could make in
strengthening the area was not, however, in doubt and it was also clear
that such a development would be best carried out under the machinery of
the New Towns Act. The Secretary of State, therefore, announced in
March 1967 his intention to set up a Mid-Wales Development Corporation
under the terms of that Act and to give it as its first task the
expansion of Newtown, which the consultants had recommended as part of
their total Caersws project. The doubling of the population of
Newtown, which is at present 5,500, will involve a total expenditure
of some £11 million and it is expected that the work will be done over
7-10 years, involving a rate of expenditure rising to some £2 million
a year. The decision whether to proceed further with the full Caersws
project will be taken later in the light of the experience gained by
Corporation on this first phase of the project.
No less importance attaches to the expansion of other towns in rural Wales by the provision both of places of work and of homes. Industrial development will be assisted by the Development Area status now accorded to rural Wales. To enable them to assess the problems of providing the extra housing and other facilities needed, the Welsh Office, through the Development Commission and the Mid-Wales Industrial Development Association, financed a recently published study by consultants of the problems of doubling the size of Rhayader. Studies have also been put in hand of other towns in the area. The expansion of these towns would normally be for the local authorities to undertake, with the support of the Development Commission on factory building in appropriate cases; but consideration will be given later in the light of experience to the employment of the new Mid-Wales Development Corporation in towns other than Newtown.

Roads

The Welsh Office will improve, as quickly as resources allow, the trunk roads of Central Wales, and intend to develop the road system to the maximum extent justified by the foreseeable level of traffic, allowing for the effects of rail closures, the growth of the manufacturing and tourist industries and the urban growth which the area may expect. As indicated in paragraph 55, priority is to be given to the improvement of the Aberystwyth - Shrewsbury road and the Brecon - Llangurig road.

Conclusion

In these various ways - through support for an efficient system of agriculture; the development of forestry, of tourism and of water resources to give the maximum benefit to the area itself; the expansion of manufacturing and
service industries; the improvement of communications; and in particular the building up of a number of the existing townships, with the ultimate possibility of creating a major urban centre at Caersws - Central Wales and other parts of rural Wales can see hope of the end of the long process of depopulation.
North-West Wales covers the counties of Anglesey, Caernarvonshire, Merioneth, most of Denbighshire and a small part of Flintshire. It includes the towns of Colwyn Bay, Rhyl, Llandudno, Bangor, Conway, Holyhead, Abergele and Caernarvon; contains the most popular holiday localities in Wales; and each year attracts hundreds of thousands of visitors. Yet, until fairly recent times, the larger part of the area tended to be regarded by industrialists as too remote for development. As a result, it has some of the characteristic problems of holiday areas: an unduly large proportion of service industry (in which some 78 per cent of the employee population are engaged, compared with 7 per cent in extractive industry and less than 15 per cent in manufacturing industry) and seasonal fluctuations in unemployment. Much of the country is mountainous and sparsely inhabited. Although North-West Wales covers just over a quarter of the land area of Wales, it contains only about one-eighth of the population. There has been an upward trend of population in recent years in the area as a whole, and in 1966 this had reached almost 340,000. Most of this growth occurred in Anglesey and along the coast of the mainland; and the employee population has risen fairly sharply from 87,000 to 100,000 in the period 1952-1965. This is an indication of gathering strength, but further development is needed to establish the economy of the area on a sound footing.

The Holiday Industry

Tourism, already very strong, has good prospects for further growth. The natural attractions of North-West Wales are becoming still more widely known and appreciated. The
mainland is dominated by the mountain mass of Snowdonia, which forms the nucleus of a National Park extending over almost half of the entire area. There are attractive estuaries and river valleys and an extensive and varied coastline. Anglesey, separated from the mainland by the beautiful Menai Straits, has excellent tourist centres and beaches. Few holiday regions combine within so convenient a radius such a variety of recreational opportunities—fine beaches and rugged scenery, major coastal resorts and smaller holiday centres, pleasant market towns and fishing villages, a number of well preserved mediaeval castles, and good facilities for yachtsmen, fishermen, golfers and mountaineers. The area is convenient for the large concentrations of population in the Midlands and North of England and its people are alive to the opportunities which this proximity presents. The Wales Tourist Board and the new Countryside Commission will aim to develop further and make more accessible the holiday attractions of the area. To assist in its conservation, much of the largely unspoiled coastline of Anglesey has been scheduled as an Area of Outstanding Natural Beauty.

A great deal has already been done by local authorities and interests to build up tourism and to meet the increasing demands of visitors; and an alert attention to those demands, coupled with determination to preserve the natural attractions, will be required. Carefully sited car parks and lay-bys are needed at vantage-points. Standards of catering and accommodation must be improved. Efforts must be made to provide for the needs of growing numbers of caravanners and campers at carefully located and controlled sites which will not repeat the errors of the past along the coast. These are matters which the local authorities and the local tourist associations will no doubt keep well in mind. The Welsh Office will give all possible help and advice in measures aimed at making the most of the area's holiday potential.
Traditional Industries

372. Unlike the holiday industry, other long-established local industries offer decreasing opportunities for employment; and this is associated with a loss of population in the inland parts of the area. In the extractive group of industries employment has fallen by about 30 per cent since 1959. This mainly reflects the declining number of workers in farming and quarrying. Agriculture will continue to be important throughout the area; but, as in other parts of Wales, increasing productivity and the trend towards larger farms will mean the employment of a smaller labour force. The slate industry now provides work for only a small proportion of the area's labour force, less than one-tenth of the numbers employed at the beginning of the century. The continuing demand for replacement slates, new uses for slate slab and measures of modernisation may however enable the slate industry to stabilise itself. The run-down of labour in these traditional occupations has been gradual, but new industry has not developed at a sufficient rate to absorb all the workers released, and the problem is intensified by the need to replace the substantial amount of temporary employment provided in recent years by the major civil engineering works at Tanygrisiau, Tryweryn, Trawsfynydd and Wylfa.

New Manufacturing Industry

373. The area must look to the growth of manufacturing industry in suitable places as the main means of strengthening its economy. Recent experience has been encouraging. A number of substantial factories has been established in North-West Wales, with products ranging from motor vehicle components, washing machines, electric meters, brake linings and waterproof clothing, to P.V.C. leather cloth, telecommunications and electronics components, diamond tools, optical glass, chemicals and gramophone needles. Ten Government advance factories have been allocated
to the area since 1959. As a result of new development and the
growth of the holiday industry, the underlying trend of employment
has been favourable. More manufacturing industry is however
needed.

374. Most of North-West Wales has been included in the Welsh
Development Area and, besides the financial inducements which
this makes available, offers other considerable advantages for
industrial development. Among these are ample land for
industrial use, substantial sources of power, abundant supplies
of water and the port of Holyhead, with its anchorage of potential
future importance. The University College of Bangor has a
notable School of Engineering Science and other facilities which
present valuable opportunities for collaboration with industry.
Main towns throughout the area offer excellent amenities and
living conditions, often in a fine historic or scenic setting.
There has been particular emphasis in Anglesey on the development
of facilities for the arts and this is now spreading throughout
the area. All these advantages are becoming increasingly
appreciated by industry.

Policies for Rural Areas.

375. Particular efforts will be needed to counteract the
decline of population and employment in the inland and rural
districts. The Government's policies for rural Wales of
building up country towns, encouraging small manufacturing industry
in them, and supporting forestry and tourism will
apply to the depopulating areas of North-West
Wales. In so far as any further shift of population occurs,
it will be aimed to absorb this as far as possible within the North-
West Wales area. Most industrial development is likely to be in
the more accessible districts in the Development Area along the
coast of the mainland and in Anglesey, where the main reserves of
labour exist. There is already a considerable amount of daily
travel to work in the area, and this practice may increase in the
short term and help to widen employment opportunities for both
coastal and inland communities.
Communications

376. Economic growth in North-West Wales will require an improvement of road communications. Largely because of the difficult terrain, the main access and internal routes are narrow or winding for much of their length; they pass through many built-up areas and, particularly in summer, are often congested by mixed industrial and tourist traffic. A number of by-passes and other schemes have already been carried out along the A.55 coast road, with the ultimate intention of providing dual carriageways throughout. A detailed traffic study of the Colwyn Bay and Conway district is being made with the assistance of the Welsh Office to establish what improvements are necessary in this congested urban area. The A.5 road will also be improved, but priority will be given to the A.55.

377. The main railway line from Chester to Holyhead will form part of the basic national network, on which future investment and improvement will be concentrated. The population is hardly sufficient to support a commercial airport; but to meet the needs of businessmen with executive aircraft, the R.A.F. airfield at Valley in Anglesey is available with the prior permission of the station commander.

Land Use

378. With the increasing popularity of North-West Wales, problems which arise from conflicting demands on land are likely to become more acute. In Snowdonia, the claims of agriculture and forestry are already challenged by the ever-increasing needs of holiday-makers, and a study of this problem is to be made by a team from Bangor University College with Government support through the National Parks Commission. In all parts of the area there is pressure to accommodate a vastly increased number of motor-cars in the holiday season, which will call for the adoption of more comprehensive traffic management measures.
Conclusion

379. The population is likely to increase from 340,000 in 1966 to about 360,000 over the next fifteen years, partly as a result of increased immigration of retired persons. This growth will, for the most part, be accommodated in the coastal areas of the mainland. While, in a few places, the proximity of mountains to the coast limits the possibilities of urban expansion, there is ample suitable land for the development of most coastal towns. There are no large-scale problems of urban renewal, but where they occur the opportunity should be taken to improve the capacity of the towns to absorb without discomfort the summer influx of cars and visitors. Care will be needed, however, to ensure the conservation of historic towns, such as Bangor, Beaumaris, Caernarvon and Conway.

380. The Government's policy for North-West Wales will aim to counteract the unemployment problem by introducing new industry; to increase accessibility by improving communications; and to encourage the adoption of measures to meet the growing recreational needs of larger numbers of people, while protecting the natural amenities of the area and the interests of agriculture and forestry.
CHAPTER XVIII

WEST WALES

381. West Wales contains the counties of Cardigan and Pembroke and the rural and larger part of Carmarthenshire. In many respects it bears a strong resemblance to the other predominantly rural areas of Wales. Over much of the area the population is thinly spread and declining; and, although it covers nearly a quarter of the land area of Wales, it has only 8 per cent of the inhabitants. About 83 per cent of the employee population are engaged in the service and construction industries, as compared with 9 per cent in extractive industries and only 8 per cent in manufacturing. Employment in agriculture and some other traditional industries has shown a steady and continuing decline.

382. The area contains, however, some important distinguishing features. In the south, around Milford Haven, there has been the remarkable post-war development of the oil refining industry described in paragraph 150. West Wales also contains pockets of urban development of a kind not generally found in other Welsh rural areas, including the relatively substantial urban districts of Milford Haven and Pembroke, each with a population of over 13,000, the University and local administrative centre of Aberystwyth (with a total population of over 21,000 in the borough and rural district) and the market towns of Carmarthen (12,900) and Haverfordwest (9,000). The relative strength and growth of these and other centres have helped to counterbalance the migration of people from the rural districts. In West Wales as a whole the population has shown a small increase over the last fifteen years from
about 225,000 in 1951 to 228,000 in 1966. Most of the growth has taken place in Pembrokeshire, largely owing to the development of the holiday and other industries and to the execution of a series of major constructional works.

**Traditional Industries**

383. The decline of employment in traditional industries, however, has been continuous over a number of years. Since 1951 the number of full-time farm workers has fallen by more than 40 per cent as the efficiency of agriculture has increased. The most serious problem of unemployment exists in South Pembrokeshire, where the activities of the long-established ship-repairing and fishing industries have considerably declined. Unemployment rates here have frequently been among the highest in the United Kingdom. While the situation has been eased from time to time by the engagement of large numbers on the construction of refineries and other major works around the Haven, the permanent employment provided on completion of the new installations has been relatively small. As a result, the loss of jobs from traditional industries has not been balanced by new developments: it is clear that further efforts are needed to strengthen the economy and provide new employment in both the rural parts of West Wales and the industrial belt in South Pembrokeshire.

**New Industry**

384. Around the Haven the outlook is gradually but distinctly improving. With the aid of the inducements available under the Local Employment and Industrial Development Acts, some small light industries have been introduced to the area with encouraging success, notably at the Thornton Industrial Estate laid out by Milford Haven Urban District Council. Advance factories at Pembroke Dock and Milford Haven are in operation; and the one at Pembroke Dock, engaged in light
engineering, already nearly doubled from its initial size, is being more than doubled again. A third advance factory, also at Milford Haven, has yet to come into use.

385. The major prospects, however, are centred on the growth of the oil industry and ancillary developments. A third refinery, and with it the area's first petro-chemical works, and a large electricity generating station using oil as fuel are now being built. These developments promise some improvement in the prospects for permanent employment. Despite the trend to still larger oil tankers of up to 300,000 tons, and even 500,000 tons, and a greater flexibility in the choice of sites for refineries and terminals by the extended use of pipe-lines from ship to shore, Milford Haven has considerable potential for further development by the oil industry, and possibly by other industries using materials imported in bulk.

386. Elsewhere in West Wales, action will be directed to strengthening the urban structure and providing additional employment opportunities. The whole of the area is included in the Welsh Development Area. An encouraging start has already been made in introducing light manufacturing industry to Cardiganshire through the efforts of the Mid-Wales Industrial Development Association and with Government help. One advance factory has been built at Aberystwyth; another, announced in September 1965, found a tenant even before the land was acquired. Aberystwyth is also benefiting from the rapid and still continuing development of the University College there and from its use as an administrative centre by the Government and local authorities. Like Carmarthen, Haverfordwest and other relatively substantial towns in West Wales, it serves as a focal point of growth through which the economy of the surrounding rural area is, and can be further, strengthened.
The Holiday Industry

387. A significant contribution to the area's economy can come from the continued development of tourism.

West Wales has a long and beautiful coastline, extending for some 175 miles, of which 110 miles are within the coastal National Park of Pembrokeshire, the only one of its kind in Britain. Another large part of the area is proposed for inclusion in a new National Park. Apart from established resorts like Tenby and Aberystwyth, there are many seaside villages and other centres with good facilities for sailing and fishing. This has been popular holiday country for many years and is growing steadily in favour: it is likely to become still more attractive with the improvement in accessibility brought about by the opening of the Severn Bridge and by other road improvements in eastern South Wales. This may well call, however, for increased hotel and other accommodation; and, in respect of developments which give rise to additional employment, application can be made for Development Area grants and loans.

388. Local authorities face the problems of safeguarding the amenities of the area. It will be essential for them to control effectively and sensitively the encroachment of caravan sites and other development; so far as possible to remedy the defects of unfortunate development in the past; and to adopt traffic management measures adequate to cope with the increase in the number of holiday visitors. The Welsh Office have organised a series of conferences through the National Parks Commission to work out planning policies for the coastal areas. Special studies of coastal development problems, such as that recently completed at Freshwater East, are particularly useful.
Communications

309. Here as elsewhere it is necessary to improve the roads. Minor improvements have been made in many places, and major schemes are being carried out at Carmarthen, the gateway to West Wales. Looking ahead, the A.46 as far as Carmarthen and the A.40 from Carmarthen to St. Clears will be improved to dual carriageway standards. Loan sanction will be given for the Pembrokeshire County Council's proposal for a high-level toll bridge between Neyland and Pembroke Dock which will link more closely the communities on the two sides of the Haven. The area will also benefit from the priority referred to in paragraph 55 for the improvement of the Shrewsbury-Aberystwyth road and sections of the Haverfordwest-Bangor road. As regards rail links, the Government have decided that the main lines from Cardiff to Fishguard and Milford Haven and from Shrewsbury to Aberystwyth will be retained as part of the basic railway network.

Conclusion

390. The population of West Wales is expected to remain fairly constant, at about 228,000, over the next fifteen years. There is ample land for housing and other urban development in all parts of the area, but care is required to avoid intrusion on good agricultural land and on the attractive coastal scenery. All the local housing authorities have problems of slum clearance and redevelopment in varying degree, but nowhere are they substantial except in Pembroke Borough, where there is still a high percentage of houses that need to be cleared or modernised. Water resources in South Pembrokeshire are limited at present, but ample supplies for housing and industry will be ensured for many years to come by a scheme for a regulating reservoir on the River Cleddau. Much of the area is well suited for agriculture and forestry, the market towns have the task of providing amenities and improved services for these occupations and for tourism, and the shores of Milford Haven may attract further large scale sophisticated industry.
An essential first step in planning for the development of Wales is to examine all the main fields of economic and social activity and the different areas of the Principality, in order to establish the nature of the problems that have to be solved. The purpose of the White Paper is to do this and, against that background, to review the Government's present policies for Wales.

The Employment Problem

The foremost problem is how to make fuller use of the human resources that are available. During the past decade, the overall demand for male labour has been static and less than the supply. Despite the substantial progress which has been made in the diversification of the economy, the Principality is still very much dependent upon the traditional industries of coal mining and steel; and, although employment opportunities in new manufacturing industry and in service industries have rapidly increased, those for males have not quite offset the reduction in opportunities in these two traditional industries, in agriculture and in slate quarrying. Consequently, there is relatively high unemployment and a loss of younger people by migration. Too many of the self-employed men have low incomes. The number of women in employment has been increasing rapidly, but the proportion is still low as compared with other parts of Great Britain. It is this inadequate number of employment opportunities which accounts for the comparatively low level of per capita income and the relatively high dependence of the Welsh economy on assistance from the Exchequer and on the import of capital (Chapter I and Paragraphs 78-91).

Any calculation of the scale of the need for
additional jobs is bound to be imprecise, based as it must be on factors which cannot be accurately measured and on assumptions which future events may falsify. In paragraphs 93 to 100 there is a calculation, made in March 1967, of the amount of labour likely to be effectively available for employment in 1971, compared with the estimated opportunities for employment in that year. It was made, on the best information available, in order to provide an indication of the order of magnitude of the employment problem in the Principality, and thus give a basis for policy. This calculation suggested, on the basis of policies as they existed in March 1967, the prospects then in sight, and the assumptions made, that the supply of and demand for female labour might be in balance in 1971 at a higher level than at present; but that there might be an excess of something of the order of 15,000 males effectively available for employment over the employment opportunities for them. This estimate allowed for the decline in employment in some industries and the growth expected in others, for the expected natural increase in population, and for an increase in the numbers in schools and colleges. It assumed no net migration, with a declining loss of younger people and an increasing immigration of older ones.

Since this calculation was made in March 1967, the Government have already taken a number of decisions, which should serve to improve the position as it was then forecast. These decisions, which are referred to below, included those to appoint consultants to study urban growth in the Llantrisant area and its neighbourhood, and to establish the Royal Mint at Llantrisant and the Ministry of Transport motor vehicle licensing and goods vehicles test booking establishments at Swansea. The Government also have under consideration the proposals published for a regional employment premium, which would give a yet further valuable incentive to
Traditional Industries

395. Coal industry policy in the last few years has been based upon the concentration of output at collieries which, through heavy capital investment and favourable natural conditions, are able to produce coal at a reasonable cost. This process of concentration will continue, thus improving the competitive ability of the industry. With its special coals the industry in Wales has certain advantages and, although its manpower needs are expected to continue to decline, it will remain a major source of employment in Wales and contribute substantially to the economy of the Principality. (Paragraphs 126-132).

396. Although the steel industry will also need less labour, because of its increasing productivity and efficiency, its capacity will continue to expand. Wales still has many locational advantages for steel production. These will be enhanced by the completion of the iron ore terminal at Port Talbot, and there is a proposal for a further iron ore terminal at Newport. Further major investment in the Welsh steel industry is proposed. The major part of the industry is being taken into public ownership and the Government are confident that this will give new opportunities for raising the industry's efficiency (Paragraphs 133-138).

397. The rural areas, which are dealt with in Chapters XVI-XVIII, have been steadily losing population for over a century, at first largely to what was then the boom area of South Wales, and subsequently also to England and overseas. As productivity in agriculture increases, the amount of employment available on the land is declining; a substantial number of younger people have tended to drift away to the attractions and the rewards of the towns; and the economic and social fabric of the countryside has been weakened.

398. It is often urged that the Government should
deal with the problem of inadequate employment opportunities by reducing the rate of their decline in the traditional industries. These industries, particularly agriculture, coal, and the railways, already receive substantial financial and other assistance from the Government. To give them further assistance in order to enable them to retain their existing labour force would absorb resources which could be put to far better use in other ways in Wales. The sooner all surplus labour in Wales is employed in profitable undertakings, the better for the Principality as well as for the rest of Great Britain.

399. Some reduction in population is inevitable in areas with limited prospects of profitable new economic growth, and it is important to help workers in the ways indicated in paragraphs 190 to 202 to move more freely from industry to industry, and from occupation to occupation within Wales, but the loss of social capital may be unacceptable if too many people move their homes, and Wales in general has the potential to justify the development of new industries to offset the decline in the older industries. In particular, in the ways described in Chapter II, it offers notable advantages to new manufacturing industry, in its labour resources, its improving access to home and overseas markets, and its industrial sites. Some of its towns are well suited for accommodating Government and other offices dispersed from congested areas. Its scenery and accessibility make it one of the promising parts of Britain for the development of tourism. The Government's policies for dealing with the employment problem in Wales have, therefore, been largely directed at stimulating further growth of manufacturing industry, office employment, and tourism.

New Manufacturing Industry

400. The problem is to secure a sufficiently fast
increase in modern industries by encouraging those already in Wales to expand, and both new industrial enterprises and those in areas of labour shortage elsewhere to move to Wales. The main action already taken to this end has been the scheduling in 1966 of the whole country, except parts of the South-East and North-East, as a Development Area; and industrial enterprises expanding or establishing themselves in this Area are eligible for the valuable inducements described in paragraphs 154 to 163. This action, together with the tight administration by the Government of the system of industrial development certificates in areas of labour shortage, has already dramatically increased the amount of new factory development in Wales. Whereas in the five years 1960 to 1964 new factory floor space approved in Wales was at an annual average of 3.0 million square feet, the comparable figure for 1965 was 4.5 million square feet, and in 1966 it reached the exceptional level of 9.2 million square feet. These approvals take two years or more before they begin to result in a significant increase in employment, but this change in Wales' share of new industrial development must be of inestimable value in strengthening the Welsh economy (Paragraphs 164-168).

Communications

401. One of the keys to the economic development of Wales is better access, and the roads are steadily improving. Extensive work on trunk and principal roads is in progress, or is programmed to be undertaken by the early 1970's, at an estimated cost of £64 million. This work, which is described in paragraphs 46 to 48, will increase the lengths of dual carriageway roads to 120 miles. A pool of further major road schemes is being prepared for implementation in the 1970's, and schemes will be drawn from this pool into the firm programme, as they can be undertaken and as resources permit (Paragraphs 50-56). These schemes will greatly improve the accessibility of Wales in relation to the main centres of population in England, and encourage industrial expansion and
The difficulties of the railways in attracting traffic and the needs of users for better services can best be met by closing down those rail services for which road transport offers a better alternative, and by improving the services on the rest of the rail system. The basic rail network for development has been announced. Great improvements in comfort and timing have been achieved on the main line passenger services between London and North and South Wales, and a liner train depot is being opened at Cardiff. But passenger travel by train between North and South Wales is inconvenient (Paragraphs 57-60). To ease travelling difficulties in rural areas, the Government have accepted in principle that help from public funds should be available to secure adequate rural bus services. A Passenger Transport Co-ordinating Committee has been set up in Wales to secure improvements in public passenger services by road and rail (Paragraphs 61-62). There has been a steady increase in air traffic through Welsh airports (Paragraphs 69-77).

A substantial programme of port development is in hand at South Wales ports and their natural advantages, together with those of Milford Haven, Fishguard and Holyhead, are important assets. Although the pattern of port development which will be required to service the use of containers and purpose-built container ships is not yet clear, Welsh industry may expect increasingly to benefit from this new form of transport (Paragraphs 63-68).

The economic problems of Wales vary greatly in their nature and intensity as between the different parts of Wales, and the policies of the Government for the deployment of the resources available in the most advantageous manner to meet those problems can most easily be summarised on a geographical basis.

South-East Wales

Cardiff, Newport and the part of Monmouthshire
outside the valleys form an area which already possesses a substantial and diversified industrial base, and has great potentialities for further rapid economic growth. It was excluded from the Wales Development Area created in 1966, because the natural exploitation of its own geographical strength can ensure its yet greater prosperity (Paragraph 157).

406. The policies of the Government for this area are mainly directed at improving communications, ports and other services; at building up offices and similar establishments including those dispersed from congested areas; and at ensuring that new development is carefully sited and that outworn urban areas are redeveloped on attractive lines. The Severn Bridge, the Ross Spur M.50 Motorway, and the road of near motorway standard under construction to link this with Newport; the prospective completion of the M.5 Motorway between Bristol and the Midlands and of the M.4 Motorway between Newport and London; fast passenger rail services with London and the introduction of liner trains, should make the whole area even more attractive than at present to new manufacturing industry. New Government offices on a substantial scale are being established in Cardiff and Newport. The development of parts of Cardiff in the light of the Buchanan studies should increase further the attractions of the capital city. The greater part of Monmouthshire will form part of the area to be covered by a feasibility study of the growth potential of the whole of the Severnside area which has been set on foot (Paragraphs 340 and 342).

North-East Wales

407. This area also possesses a sound existing industrial base, notably in its steel, textile, chemical and aircraft plants; and it offers advantages for further industrial development because of its proximity to the Midlands and Merseyside. Except for Wrexham and its vicinity, which has been affected by colliery closures, it was excluded from the Wales Development Area in 1966. The main
need is for an improvement of communications and services, careful planning control of new development, the improvement by clearance of derelict land and the development of some of the outworn urban areas and town centres. A proposal for a barrage across the Dee estuary which would connect the area by road with Merseyside is under examination and a first stage feasibility study report has already been prepared and is under review by the Government (Paragraphs 346-352).

The Mining Valleys and West South Wales

408. In terms of numbers the inadequacy of employment opportunities is likely to be greatest in the mining valleys and the Swansea area. Where suitable sites attractive to industry are available, the Government will encourage the establishment of further new industries in the valleys themselves, and have already constructed there a number of advance factories at the expense of the Government as an attraction to tenants. But the shortage of sites and the locational shortcomings of the valleys gravely limit what can be done in this way. Reliance must, therefore, be largely placed on establishing new opportunities for employment within reasonable daily travelling distance. This will enable the existing investment in the valleys in houses, schools and other services to continue to be put to use (Paragraphs 332-338).

409. The Government have under consideration a proposal for a major new urban development in an area already attractive to industry close to the mouths of the Rhondda and Taff valleys. A trading estate is being set up at Llantrisant and, most significant of all, it is at Llantrisant that the Royal Mint is to be established. A new urban focus in that area could house a fair part of the future increase of population in South Wales. It would provide employment opportunities for persons living in the neighbouring valleys, reduce the pressure to develop on the periphery of Cardiff and on the coast, and encourage those who wish to leave the valleys not to leave.
Wales. As an immediate first step, the Government are appointing consultants to advise on the desirable future scale, timing, layout, cost and organisation of urban growth in the Llantrisant area and its neighbourhood (Paragraph 339). Relevant in this connection will be the timing and phasing of a new road through Mid-Glamorgan which will be needed from the present end of the M.4 Motorway at Newport to the Bridgend area, and which would also provide an outer by-pass to Cardiff. (Paragraphs 50(e) and 343).

410. The Government are similarly encouraging the creation of new employment in the Swansea-Llanelli area, which will be made more attractive to industrialists by the road improvements already programmed. As part of the policy of dispersing offices, a Land Registry will be established at Swansea. An important decision is that of the Ministry of Transport to set up there the new national motor vehicle licensing office, computer centre, and goods vehicles test booking office for all Great Britain (Paragraphs 341, 169 and 173).

411. Both in the mining valleys and in the Swansea area, vigorous action is in hand to rehabilitate derelict land and improve the environment. The Government attach importance to early action to clear the derelict area at Landore in the lower Swansea valley (Paragraphs 266-273).

Rural Wales

412. Particular encouragement is given through the price support system to the production of meat, and this is of special value to Welsh farmers who obtain two-thirds of their receipts from livestock products. Under the Agriculture Act 1967, financial assistance will be given for desirable amalgamations of farms, which will reduce the number of uneconomic smallholdings, and other assistance of special value
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to Welsh farmers raising livestock on hill land. A Rural Development Board will be set up under the Act in Mid-Wales to co-ordinate the development of agriculture and forestry. Encouragement will also be given to the fishing industry and to forestry (Paragraphs 105-125).

Tourism in Wales has great potential for further growth, and this is most encouraging for the economy of the rural areas and coastal towns of Wales. The Government have increased their financial contribution to the Wales Tourist Board, through the British Travel Association. It is important that the local authorities and the Welsh tourist interests should also increase their support for the Board and provide improved facilities for tourists. Careful planning control will be needed to ensure that the amenities which attract tourists are not affected by ill-designed or ill-sited development. New access routes across the Severn Bridge, and possibly later on across the Dee estuary, may present problems and opportunities different in scale from anything so far experienced and a strategy must be worked out to meet them (Paragraphs 130-146).

A main spur to the economy of the rural areas must, however, be new small scale manufacturing industry in suitable places, and the incentives available under the Industrial Development Act 1966 will be used to attract it. A Mid Wales Development Corporation is being set up under the New Towns Act with, as its immediate task, doubling the size of Newtown. Studies are also being made of the possibility of expanding Rhayader and some other towns to provide focal points for economic and social development (Paragraphs 361-366).

Coastal Towns

The coastal towns will benefit from the development of tourism and in particular from the improvements planned to the roads which serve them. They are attracting some new manufacturing enterprises, and in West Wales the rapidly
growing oil refining industry and the associated production of petro-chemicals are taking advantage of the deep water facilities for large tankers at Milford Haven.

**Technological Development**

416. In Wales, as in England, many firms, including some concerned with new advanced products, do little research themselves and pay little attention to that done by others. The rapid growth of the scientific work of the Welsh University and Technical Colleges is of major significance and the Government will encourage a closer liaison between these colleges and industry. As part of a national network, five industrial liaison centres based on technical colleges have been established by the Ministry of Technology, and the Ministry and the National Research Development Corporation provide financial backing for the development of new processes and products. Management training courses are being expanded and improved in Wales (Paragraphs 101-109).

**Industrial Training**

417. This is of special importance to Wales, where many workers need to move into new industries requiring new skills; where more than three-quarters of the unemployed do not possess skills used in modern industries; and where the proportion of school leavers entering work offering little training is much higher than in Britain generally.

418. The bulk of industrial training is for industry itself to carry out; and, under the provisions of the Industrial Training Act, the Committee for Wales of the Central Training Council is helping it to do so. Eighteen industrial training boards covering nearly half of all employees in Wales have already been set up, and others will follow; these boards levy contributions on firms and make grants to employers giving approved training. To help this work, the technical colleges are increasing the number of places they offer for apprentices, and the Ministry of Labour have increased their
help for the training of training officers, the cost of training, and the installation of training equipment. The Ministry have also increased the capacity of their two existing Government Training Centres and are building a third centre at Port Talbot (Paragraphs 190-202).

Industrial Sites

419. Good, readily available sites are essential for the attraction of new industry. There are plenty of such sites in Wales, but one of the problems is that they are not always to be found in, or near to, the localities with an employment problem. To help with this, a special survey is being made by the Welsh Office in consultation with local planning authorities and others concerned. The results will be embodied in a register available for the guidance of industrialists (Paragraphs 175-178).

Water

420. Water is one of the main resources of Wales, and its control and conservation are needed to satisfy growing requirements in Wales itself and in neighbouring areas; to attract further industrial development to Wales; to promote recreational and tourist amenities; and to reduce the risks of flooding. Regulating reservoirs will, for a long time to come, be the best means of meeting these needs and the main problem is the disturbance that the creation of these causes to the localities concerned. The solution to this lies in greater public acceptance of the need for them, helped by very careful selection of sites, so as to minimize loss of agricultural land and existing buildings, and satisfactory terms of compensation to those affected. The Secretary of State, helped by the Welsh Committee of the Water Resources Board and by public inquiries, will ensure that sites are most carefully selected in this way and the Government have recently announced much improved compensation to tenant farmers who may be affected (Paragraphs 28-37).
Gas

421. Wales has long had the advantage of large supplies of cheap coke oven gas, and more recently, of a big local availability from oil refineries of light distillate feedstocks, which have been exploited by the construction of gas grids and the use of new oil-based processes of gas manufacture. The indications are that initial supplies of North Sea gas will be received in North Wales by 1969 and in South Wales by 1970. Planned investment by the Wales Gas Board for the four years to 1970-71 is of the order of £28 million (Paragraphs 212-217).

Electricity

422. Large new generating stations at Aberthaw (coal fired), Pembroke (oil fired) and Wylfa (nuclear) which will provide by the early 1970's a further 4,680 MW of capacity on top of the existing 3,645 MW, are being constructed to meet the growth in demand for electricity in Wales as well as elsewhere in Britain. The Area Boards will continue their programme of rural electrification, which has already resulted in the connection of 94 per cent of all farms and 97 per cent of other rural premises (Paragraphs 218-221).

Environment

423. Most of Wales is beautiful but some places bear scars from the industrial past. While many of the problems connected with the improvement of the towns, the rehabilitation of derelict areas, the prevention of pollution, and the safeguarding of the countryside, are being tackled with determination, much remains to be done by local authorities and others to create better conditions, particularly in the mining valleys and older towns. The policies of the Government on these subjects are described in paragraphs 251 to 283. The establishment of a fourth Welsh National Park in the mountainous area of Mid-Wales is being studied. A Countryside
Commission will be created to replace and exercise wider functions than the present National Parks Commission.

**Housing**

424. Nearly one-third of the houses in Wales are over eighty years old; at least 40,000 houses are now unfit and the number is rapidly growing; and 100,000 new houses will be needed during the next five years, to meet the existing shortage, to replace unfit houses and those in areas covered by urban improvement schemes, and to provide for the growth in population. This will mean increasing the rate of building from the present level of 19,000 a year to 21,000 by 1971 (Paragraphs 232-250).

**Health, Welfare, and Social Security**

425. The expenditure on health and welfare services in Wales in 1967-68 is expected to be £83 million; and expenditure on the hospital services will be nearly double the figure for 1959-60. Nine major hospital building schemes, each estimated to cost over £250,000, are expected to begin in the period up to 1969-70, and a further twenty-two schemes are planned to follow in stages as resources allow. Local authorities are improving their health and welfare services. Fundamental changes have been made in social security arrangements (Paragraphs 284-297).

**Education and Culture**

426. Between 1966 and 1972 the number of pupils in maintained schools in Wales is expected to rise by about 95,000 or some 21 per cent. As regards Further Education, the Glamorgan College of Technology at Treforest has been selected for designation as a Polytechnic. It is hoped that an early decision will be reached on the proposed Welsh Agricultural College. The allocations to the building programmes of University institutions in Wales for the period 1966-70 amount to £5 million (Paragraphs 298-312).

427. Encouragement is being given to the use of the
the Welsh language in schools, and to the publication of books in Welsh. Legislation is being drafted to give effect to the Government's decisions on the main recommendations of the Hughes Parry Committee on the Legal Status of the Welsh Language (Paragraphs 313-315).

428. Government financial help through the Arts Council to the Welsh Arts Council has been increased from £155,000 in 1964-65 to £430,000 in 1967-68 (Paragraphs 316-322). The coverage of sound broadcasting and television services in Wales is being increased (Paragraphs 323-325).

Future Work

429. The planning of the economic development of Wales must be a continuous process, as decisions taken show results and as circumstances hitherto unforeseen arise. In particular, estimates of the future employment situation in the Principality need to be kept under constant watch and further means to reduce the size of the problem must urgently be sought. If the Government's negotiations for the inclusion of the United Kingdom in the European Economic Community are successful, the best means of taking full advantage of the opportunities which this will present will demand close study. The stimulation and financing of new enterprise in technologically advanced industries, making full use of the facilities for research which are available, particularly in the University of Wales needs continuous attention. The best means of developing tourism in Wales without spoiling the countryside needs similar urgent thought and action.

430. The Government hope that, in further planning, the Welsh Economic Council will assist them by taking a leading part in charting the way ahead.
431. The White Paper is a first step. How effectively it is followed up will depend not only on the Government, but also on the robust determination of everyone in the public, academic and industrial life of Wales to seize opportunities as they occur and to forge together the best possible future for the Principality.
Changes

<table>
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<th>Changes</th>
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<td>%</td>
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<td></td>
<td>(2)</td>
<td>(3)</td>
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</table>

1) South Wales
   (a) West South Wales
   (b) Central and Eastern Valleys
   (c) Coastal Belt
2) North East Wales
3) North West Wales
   (a) North West Wales Coast
   (b) Remainder of N.W. Wales
4) Central Wales
5) West Wales
6) Total Wales

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
<th>%</th>
<th>No.</th>
<th>%</th>
<th>No.</th>
<th>%</th>
<th>No.</th>
<th>No.</th>
<th>No.</th>
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*Changes due to:
(6) Changes in the number of armed forces in the area.
(9) Estimated gain to the local population due to the rundown of the armed forces of the United Kingdom.

Note: Figures have been rounded and may not add to the totals.
## Estimated Changes in the "Home" Population, 1956-1962

<table>
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<tr>
<th>Area</th>
<th>Home population Mid-1956</th>
<th>Changes</th>
<th>Home population Mid-1962</th>
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<td>Total</td>
</tr>
<tr>
<td></td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>(1) South Wales</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(a) West South Wales</td>
<td>454.3</td>
<td>17.4</td>
<td>+ 54.2</td>
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<tr>
<td>(b) Central and Eastern Valleys</td>
<td>673.6</td>
<td>25.6</td>
<td>- 19.4</td>
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<tr>
<td>(c) Coastal Belt</td>
<td>633.0</td>
<td>24.3</td>
<td>+ 59.1</td>
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<td>(3) North West Wales</td>
<td>330.4</td>
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<tr>
<td>(a) North West Wales Coast</td>
<td>96.4</td>
<td>3.7</td>
<td>+ 4.9</td>
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<td>(b) Remainder of N.W. Wales</td>
<td>234.0</td>
<td>9.0</td>
<td>- 5.7</td>
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<td>(4) Central Wales</td>
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<tr>
<td>(5) West Wales</td>
<td>226.5</td>
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<td>- 1.7</td>
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<td><strong>Total Wales</strong></td>
<td><strong>2,607.5</strong></td>
<td><strong>100.0</strong></td>
<td><strong>45.5</strong></td>
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*Changes due to:*

(8) Changes in the number of armed forces in the area.
(9) Estimated gain to the local population due to the rundown of the armed forces of the United Kingdom.

**Note:** Figures have been rounded and may not add to the totals.
<table>
<thead>
<tr>
<th>Area</th>
<th>Home Population Mid-1962</th>
<th>Changes</th>
<th>Estimated Migration</th>
<th>Home Population Mid-1966</th>
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<td></td>
<td>No. (2)</td>
<td>% (3)</td>
<td>No. (4)</td>
<td>% (5)</td>
</tr>
<tr>
<td>(1) South Wales</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>b) Central and Eastern Valleys</td>
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<td>+0.7</td>
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<td>c) Coastal Belt</td>
<td>654.2</td>
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<td>-0.3</td>
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<td>North East Wales</td>
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<td>207.2</td>
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<td>+7.7</td>
<td>+3.7</td>
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<tr>
<td>(3) North West Wales</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>a) North West Wales Coast</td>
<td>329.6</td>
<td>12.4</td>
<td>+9.0</td>
<td>+2.7</td>
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<tr>
<td>b) Remainder of N.W. Wales</td>
<td>228.3</td>
<td>6.6</td>
<td>+6.4</td>
<td>+6.3</td>
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<tr>
<td>(4) Central Wales</td>
<td>85.3</td>
<td>3.2</td>
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<td>-0.4</td>
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<tr>
<td>(5) West Wales</td>
<td>224.9</td>
<td>8.5</td>
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<td>+1.4</td>
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<tr>
<td>Total Wales</td>
<td>2653.0</td>
<td>100.0</td>
<td>+48.2</td>
<td>+1.8</td>
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</table>

* Changes due to:

(8) Changes in the number of armed forces in the area.
(9) Estimated gain to the local population due to the rundown of the armed forces of the United Kingdom.

Note: Figures have been rounded and may not add to the totals.
TABLE D

MID-YEAR ESTIMATES OF TOTAL EMPLOYEES (THOUSAND) (a)

(EMPLOYED AND UNEMPLOYED) (b)

<table>
<thead>
<tr>
<th></th>
<th>WALES</th>
<th>GREAT BRITAIN</th>
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<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
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<tr>
<td>1956</td>
<td>684</td>
<td>272</td>
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<td>1958</td>
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<td>311</td>
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<td>1965</td>
<td>685</td>
<td>321</td>
</tr>
<tr>
<td>1966</td>
<td>680</td>
<td>327</td>
</tr>
</tbody>
</table>

TABLE E

NUMBERS AND PERCENTAGES WHOLLY UNEMPLOYED IN JUNE OF EACH YEAR 1956-1966

<table>
<thead>
<tr>
<th></th>
<th>WALES</th>
<th>GREAT BRITAIN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
</tr>
</tbody>
</table>

1956  | 11,100| 5,200         | 16,300| 1.6   | 2.0  | 1.7  | 0.9  | 0.9  |
1957  | 13,300| 6,600         | 19,900| 1.9   | 2.4  | 2.1  | 1.2  | 1.0  |
1958  | 21,100| 9,100         | 30,300| 3.1   | 3.4  | 3.2  | 1.9  | 1.4  |
1959  | 23,300| 9,200         | 32,500| 3.0   | 3.3  | 3.1  | 2.0  | 1.4  |
1960  | 14,500| 6,500         | 21,000| 2.1   | 2.4  | 2.2  | 1.3  | 1.0  |
1961  | 12,700| 5,200         | 17,900| 1.8   | 1.8  | 1.8  | 1.3  | 0.9  |
1962  | 17,700| 6,700         | 24,400| 2.6   | 2.2  | 2.8  | 1.9  | 1.2  |
1963  | 20,300| 7,600         | 28,900| 3.0   | 2.3  | 2.8  | 2.0  | 1.4  |
1964  | 14,500| 5,700         | 20,200| 2.1   | 1.6  | 2.0  | 1.3  | 0.9  |
1965  | 15,800| 5,600         | 21,400| 2.3   | 1.7  | 2.1  | 1.4  | 0.7  |
1966  | 18,300| 5,200         | 23,500| 2.4   | 1.6  | 2.1  | 1.3  | 0.6  |

TABLE F

EMPLOYEES IN EMPLOYMENT (THOUSAND) (a) (d)

<table>
<thead>
<tr>
<th></th>
<th>WALES</th>
<th>GREAT BRITAIN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
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</tbody>
</table>

1956  | 673   | 267           | 940 | 13,966| 7,551| 21,517|
1957  | 673   | 264           | 937 | 14,017| 7,593| 21,610|
1958  | 668   | 261           | 923 | 13,948| 7,502| 21,450|
1959  | 662   | 267           | 928 | 13,964| 7,621| 21,585|
1960  | 670   | 278           | 948 | 14,193| 7,637| 22,036|
1961  | 673   | 264           | 957 | 14,379| 7,994| 22,373|
1962  | 666   | 293           | 956 | 14,480| 8,593| 22,672|
1963  | 669   | 293           | 962 | 14,406| 8,116| 22,520|
1964  | 672   | 305           | 977 | 14,611| 8,261| 22,872|
1965  | 670   | 316           | 965 | 14,722| 8,425| 23,147|
1966  | 664   | 322           | 966 | 14,690| 8,587| 23,277|

Notes: (a), (b), (c), (d) - See following page.
These figures are obtained from the mid-year exchange of national insurance cards and are subject to sampling errors. There have also been changes in methods of obtaining them and consequently they are not strictly comparable throughout the period. It is not possible to allocate precisely all persons whose national insurance cards are exchanged in an area different from the one in which they work nor all merchant seamen and others with no fixed place of work. This will affect the estimates for Wales.

(b) Estimated number of employees aged 15 and over who worked for gain or were registered as available for such work, part-time employees being counted as full units.

(c) Numbers wholly unemployed expressed as a percentage of total employees.

(d) Estimated mid-year numbers of employees as defined in (b) less numbers wholly unemployed.
<table>
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<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Sales</td>
<td>Females</td>
<td>Total</td>
</tr>
<tr>
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<td>21</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td>II Fishing and Quarrying</td>
<td>104</td>
<td>3</td>
<td>107</td>
</tr>
<tr>
<td>TOTAL EXTRACTIVE</td>
<td>125</td>
<td>5</td>
<td>130</td>
</tr>
<tr>
<td>III Food, Drink and Tobacco</td>
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<td>21</td>
</tr>
<tr>
<td>IV Chemicals and Allied Industries</td>
<td>21</td>
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<td>95</td>
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<td>102</td>
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<td>VI Engineering and Electrical Goods</td>
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<tr>
<td>VII Shipbuilding and Marine Engineering</td>
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<td>IX Metal Goods Not Elsewhere Specified</td>
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<td>17</td>
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<td>X Textiles</td>
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(a) Estimates for 1966 are based on revised methods of calculation and are not strictly comparable with those for 1961. The figures have been rounded to the nearest thousand and are subject to sampling and estimation errors which can be substantial in the case of smaller groups.

(b) The figure is too small to be given within acceptable margins of error.

(c) Percentage changes have been calculated where the sampling errors are within acceptable limits. The changes are not presented as accurate statements but rather as indicators of direction and magnitude.

(d) The figure cannot be calculated within acceptable margins of error.
### Table H

**Employers in Employment in the Areas of Wales by Main Industry Sectors:**

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(See Note on following page)
TABLE H

Footnotes

These figures are subject to sampling errors and, because there have been changes in the methods of obtaining them, they are not strictly comparable throughout the period.

The figures for Wales as a whole include civil servants not holding insurance cards, some merchant seamen not covered by card exchange and employees whose area of employment in Wales is not known; but these categories are not included in the figures for the areas.

The figures have been rounded to the nearest thousand and therefore the sum of the constituent industry groups do not always equal the totals of “All Industries and Services”.

The figures can thus provide no more than a broad indication of the magnitude of the changes and the distribution of employees between the areas and between the sectors of industry within these and should be used with caution.
### EMPLOYEE ACTIVITY RATES 1961-1966

**Comparison of rates for Wales and Great Britain**

These are based on mid-year estimates of total employees given in Table D and of the home populations aged 15 years and over provided by the General Register Office. Although given to one decimal place, they are subject to margins of error and small changes from year to year may not be significant.

The Ministry of Labour definition of employees and the methods of compiling the employee estimates were changed in 1965. The rates for Wales for earlier years are broadly but not completely comparable with those for 1965 and 1966.

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**Notes**

1. These are based on mid-year estimates of total employees given in Table D and of the home populations aged 15 years and over provided by the General Register Office. Although given to one decimal place, they are subject to margins of error and small changes from year to year may not be significant.

2. The Ministry of Labour definition of employees and the methods of compiling the employee estimates were changed in 1965. The rates for Wales for earlier years are broadly but not completely comparable with those for 1965 and 1966.
26th May, 1967

CABINET

THE ECONOMY OF WALES: DRAFT WHITE PAPER

Memorandum by the Secretary of State for Wales

I attach, in continuation of my memorandum C(67) 84 of 25th May, revised drafts of paragraphs 5 and 6 of the Foreword to the White Paper, which refer to the Welsh Economic Council, of paragraph 340 regarding Cardiff, of paragraph 348 regarding the Dee estuary, and of paragraphs 129, 130, 333 and 395 regarding the Welsh coal industry. These revisions take account of the discussion of the draft in the Ministerial Committee on Environmental Planning.

2. I have also made a small amendment to paragraph 271 regarding the derelict area in the lower Swansea valley, a problem which is also mentioned in paragraph 341.

3. Paragraphs 174 and 394 will require revision in the light of the Cabinet's decision on 25th May about the Regional Employment Premium and this is in hand, in consultation with the other Departments concerned.

4. The Ministerial Committee suggested that the calculation of the job gap in 1971, which is made in paragraphs 93-101 and which is also referred to in paragraphs 392-394, should be revised to take account of the most up to date estimate of the expected reduction in employment in the coal industry in Wales. The calculation at present assumes a reduction of 20,500 males employed in the coal mines below the Ministry of Labour's figure for June, 1966, although this is not disclosed in the draft. If the calculation were to be revised, all the changes in prospects which have occurred since March would have to be taken into account (including the effect of the Regional Employment Premium) and not merely those in the coal mines. On balance, the result might not differ much from the estimated job gap of 15,000 males now embodied in the document and the publication of the White Paper would be delayed.

The draft makes it clear that the calculation was made in March, 1967 on the basis of the best information then available; that it has no claim to precision and was made merely to indicate the order of magnitude of the employment problem in Wales and thus provide a basis for policy; and that it will have to be the subject of periodic revision as time goes on.

C.H.

Welsh Office, S.W.1.
25th May, 1967
ANNEX

Revised Paragraphs

Welsh Economic Council. Paragraphs 5 and 6 of the Foreword.

"The White Paper has drawn on the views of local authorities, both sides of industry, members of the University of Wales, and many others; and in its preparation I have had the advantage of comments by the Welsh Economic Council. But the responsibility for the document is mine.

I hope that the White Paper will be of help to all those concerned in shaping the destiny of Wales; that it will be widely read by the public, on whose understanding and co-operation so much depends; that it will be discussed and debated; and that it will stimulate other ideas and call forth other proposals. The task of planning the development of Wales must now be carried further and I hope that the Welsh Economic Council will take a leading part in this work."

Cardiff. Paragraph 340. Replace the first five lines by:

"The City of Cardiff should assume an increasingly important part in the life and economy of South Wales. Its existing industrial base and substantial labour force give it great natural advantages for the development of manufacturing industry and these advantages are being rapidly increased with the improvement of road and rail communications between South East Wales and the main centres of population in England. The City may also look forward to a major expansion of its administration and commercial services, shopping ...."
costs of a feasibility study by consulting engineers of this project which, in addition to shortening communications, could bring other considerable advantages to the area. A preliminary report by the consultants points to the advantages of a multi-purpose project across the middle or inner estuary, including a road crossing built mainly on embankments with a series of pumped storage reservoirs. The Government are considering with the other authorities concerned what further studies of the project should be undertaken.

Coal Industry. Replace paragraph 129 by:

"The National Coal Board have continuously sought to increase the efficiency of the industry by the better use of men and machines and by concentrating production at the most economic pits. In Wales, 106 collieries were closed between 1947 and 1966: most of these, after a long life span, had either exhausted their reserves or reached the limits of economic operations. Notwithstanding its reduced scale, the coal industry contributes about £100 million annually to the Welsh economy and in the middle of 1966 provided employment for nearly 61,000 mineworkers and some 5,500 other staff. It is, therefore, an important part of the economy of Wales."

In the third sentence of paragraph 130, omit the words:...

".... and the fall is likely to continue".

In paragraph 333, replace the fifth and sixth sentences by:

"But a balanced economic structure has not yet been achieved. The decline in employment in the old established industries both presents a need for the rapid development of new industrial employment and provides an opportunity for it."

In the last sentence of paragraph 333:

omit the words "though smaller"

In paragraph 395:

omit the last sentence.
CABINET

DECASUALISATION OF THE DOCKS:
LONDON DOCKS DISPUTE

Memorandum by the Minister of Labour

I seek my colleagues' agreement to an early announcement of the date by which we hope a decasualised system of working in the docks, on the lines recommended in the 1965 Devlin Report (Cmd. 2734), can be introduced.

2. With my colleagues' agreement (CC(66) 48th Conclusions, Minute 4) I announced last October that the Government endorsed in principle the pay changes recommended in the 1966 Devlin Report (Cmd. 3104) to accompany decasualisation, but that implementation must in the Government's view be conditional upon specific agreement for the elimination of restrictive working practices, and subject to incomes policy.

3. Since then the Local Modernisation Committees, representative of employers and unions in each port, have been negotiating on the elimination of restrictive practices to accompany decasualisation; Lord Brown and the other independent members of the National Modernisation Committee have undertaken to report to me on 1st July the progress made by that date. Agreement has already been reached by 32 of the 48 Local Committees and pressure is being brought to bear by the Transport and General Workers Union on its local officials to settle quickly in most of the remainder.

4. The time which the negotiations, and the associated licensing arrangements laid down in the Docks and Harbours Act, 1966, have been taking reflects in part difficulties within the industry itself in resolving the problems inherent in preparing for the major changes involved in decasualisation. But in some ports and among some groups of workers impatience has been growing. This is not surprising since it is nearly two years since the original Devlin Report was published.

5. The latest manifestation of impatience is a threat by the tally clerks in the Port of London to strike from Monday, 5th June unless and until an early date is announced for the introduction of decasualisation. In London negotiations have been conducted in four separate sub-committees, of which one is concerned with tally clerks. The tally clerks sub-committee reached agreement last February. The agreement entirely meets the conditions set out in the 1966 Devlin Report and provides in addition a basis for the flexibility of working between tallying and other dock clerical duties which is necessary for the
most efficient introduction of modern cargo-handling methods. It also makes a desirable adjustment to the method of payment for overtime with a compensating increase in the basic rate. The employers, the unions and the men themselves are anxious for the agreement to be implemented as soon as possible but this cannot be done in advance of general decasualisation.

6. A strike by tally clerks would effectively immobilise the enclosed docks including Tilbury. Though unlikely to get official backing from either of the two unions concerned - the Transport and General Workers' Union and the National Amalgamated Stevedores and Dockers - the strike is expected to receive widespread unofficial support, including the possibility of sympathetic action by London dockers generally, and the union leaders have little hope of preventing it in the absence of a more definite Government commitment to a date for the introduction of decasualisation than has so far been given.

7. A necessary preliminary to decasualisation is the making, one month before it is due to come into operation, of the Dock Workers (Regulation of Employment) (Amendment) Order, 1967 which is now ready for my signature and is subject only to the negative resolution procedure. This Order has to be brought in on the same date for all the ports concerned. Licensing of port employers under the Docks and Harbours Act, 1966 (which is the responsibility of the Minister of Transport) is proceeding port by port, but decasualisation need not await its completion in all ports.

8. In the light of progress made so far, I am reasonably confident that the report I shall be seeing on 1st July will provide a satisfactory basis upon which to proceed. It would, however, obviously be wrong for the Government to commit itself now, without qualification, to a date for the introduction of the new Scheme. On the other hand I am clear that the time has come to make it plain that we can now see a definite date for its introduction, provided the progress already made is maintained. In my view it is reasonable now to look forward to the possibility that decasualisation can be made effective on 15th September. This will allow time for completion of the necessary preliminaries. This is on the assumption that the July report will, as I expect, show that sufficient progress has been achieved.

9. I shall, of course, consult my colleagues again when I have received the July report. Meanwhile, I seek my colleagues' approval for making, in the next few days, a public statement which would -

(1) recall the conditions on which the Government indicated its acceptance in principle of the Devlin Pay Recommendations in October, 1966;

(2) record that Lord Brown, the Chairman of the National Docks Modernisation Committee has reported to me that the Industry has made a great deal of progress in port by port negotiations for the elimination of restrictive practices;

(3) give an assurance that, provided the July report confirms that the progress made meets the Government's conditions, I will take the necessary steps to bring the new dock labour scheme into operation not later than 15th September, and that from that date the way will be open for the industry to implement the Devlin pay settlement.

R. J. G.

Ministry of Labour, S. W. 1.

26th May, 1967
29th May, 1967

CABINET

FAR EAST DEFENCE POLICY

Note by the Secretary of the Cabinet

By direction of the Prime Minister I circulate for consideration by the Cabinet on Tuesday, 30th May, the attached copy of a letter dated 26th May, 1967, from the Prime Minister of Singapore. This is relevant to the consideration of the memorandum by the Secretary of State for Defence (C(67) 81).

BURKE TREND

Cabinet Office, S.W.1.

29th May, 1967
It is a month since Denis Healey told me of the decision to reduce British forces in the Singapore/Malaysia area to half its present strength by 1970-71 and of the proposal thereafter to scale down so that all British forces will be off the mainland of Asia by the mid-'70s. He has no doubt told you of the immediate reactions of my colleagues and me. Although the economic consequences of withdrawing British troops from Singapore will be painful, what we feared most was the chain reaction which may be set off once it was made known that British forces will be off the mainland by 1975.

A full month is time enough for careful reflection and an objective appraisal of what this will mean to us. I can only guess at the advantages that the British Government will derive from a public commitment to total withdrawal by 1975. But I know that gloom will descend on all those who, like us in Singapore, had hoped for a few more years of relative stability to strengthen the fragile basis of independence established only recently. Correspondingly there will be jubilation in Peking, Hanoi, among the Vietcong in South Vietnam, in the Communist Party of Malaya and in Communist bands elsewhere in South East Asia, corroding the fabric of their various societies. There will be some who are not Communists, like the army generals in Jakarta, who will be thrilled at the prospect of a bigger role for themselves. Whichever way we look at the problem, we come to the conclusion that whether or not there will be British forces on the mainland of Asia in the mid-'70s is completely secondary to the thinking, planning and initiatives which will be taken by Communists and others once they believe that there will be no British forces in the mid-'70s. The time that would otherwise have been available between now and 1975, eight long years, will be considerably shrunk by activities launched in anticipation when such a decision is announced.

No-one has the right to tell Britain and the British Government what she must or must not do for the welfare of others. Appeals to sentiment, the grandeur of Britain's past, the wisdom, expertise and experience, which she can bring to the problems of the region, will all be meticulously weighed against other economic and political factors when you and your Cabinet consider the alternatives open to Britain in the world today for a role in the world tomorrow; in so far as that could be discerned.

But I would urge that unless there are compulsive pressures on Britain to make a public commitment now, then such a commitment should be deferred for reassessments from time to time of the consequences of such a course of action. For, between now and 1970-71, all can get a closer look and probably a better picture of the possible repercussions of such a public commitment.

I can only assume that you must have intended that Ministers in government in the United States, Australia, New Zealand, Malaysia and Singapore should think about and discuss their future courses of action in terms of the "planning assumptions" of your Defence Ministry. And further that you were prepared to risk, or may have intended, that these Governments would talk, in confidence, to their advisers and opinion-formulators. For this spread has already taken place. If there is not to be a rot in confidence, there must be either swift adjustments and alternative security arrangements or an announcement of the "residual capacity" to which Denis Healey alluded.
If it is in Britain's interests to make public now what Britain intends to do in 1975, perhaps you will not be unmindful of the price that will have to be paid by all who live in South and South East Asia and others outside who have made a commitment to prevent the area going chaotic and Communist.

I would not like to leave the impression that my preoccupation with the longer-term problems means that the economic disruption can be shrugged off. "Significant aid", a phrase almost as ominous as "planning assumptions", has been repeatedly used. The dislocation of the employment pattern will be grievous. This is a matter which will require a searching study of ways to buffer the shock of withdrawal of British spending and the creation of new means of employment for over 90,000 civilian employees now servicing the Services and their families here. This number of bread-winners constitute more than 10 per cent of our total work force.

However, no-one has the right to expect Britain to bear the cost of the security of the region. But our long association with the British, who created a community which was not here in 1819 when the first Englishman landed to found a settlement in Singapore, emboldens me to believe that the British Government and people would wish us well, Britain's withdrawal could be done in a way that would give us the maximum chance to continue as a viable community. For it is not too ambitious to want to build on the achievements of what good British administration and the enterprise and industry of Chinese, Indians and other migrants have together built.
CABINET

MIDDLE EAST

Memorandum by the Secretary of State for Foreign Affairs

The Middle East stands on the brink of war as a result of the Egyptian action in removing the United Nations Emergency Force (UNEF) and threatening a blockade of Israel's sea route to the South through the Straits of Tiran. The Middle East is a region in which apart from our general interest in world peace we have great material, strategic and political interests.

2. If an Arab/Israel war broke out, and if it remained isolated, our best intelligence assessments are that the Israelis could probably win, but only after a hard battle and much destruction. Even that judgment is heavily hedged around.

3. If the Israelis stood in danger of losing, the Americans have declared that "they could not stand by and see Israel driven into the sea." Equally, if the Israelis were winning, could the Soviet Union stand aside and see the countries they support suffer defeat?

4. I conclude that while it is possible that Israel might restore free passage through the Gulf by her own military action, the greater risk is of an Arab/Israel war escalating. We ought therefore to contribute what we can within our resources to international action to prevent such a war happening.

5. The Israelis will only be deterred from acting themselves to reopen the Straits of Tiran if they feel reasonably assured of an international settlement that keeps the Straits open for at least their oil supplies. And international action must from their point of view seem likely to be both swift and effective. Time is not on their side. Their Government is already under heavy criticism for not having reacted as soon as Egypt struck to remove the United Nations unit at the Straits and before Egypt had had time to assemble her present massive forces.

6. It was this sense of urgency that led the Cabinet to authorise contingency naval planning on an ad referendum basis with the Americans and preliminary diplomatic consultations with other maritime powers about asserting the international interest in keeping the Straits open.
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6. It was this sense of urgency that led the Cabinet to authorize contingency naval planning on an ad referendum basis with the Americans and preliminary diplomatic consultations with other maritime powers about asserting the international interest in keeping the Straits open.
7. Since then France has proposed four-power discussions on the crisis. We immediately welcomed this and I took it up directly with Mr. Kosygin in Moscow. The Prime Minister has been in personal touch during the weekend with President de Gaulle, Mr. Kosygin and President Johnson about speeding up such discussions and Lord Caradon has been pursuing the possibility of four-power discussions at the United Nations.

8. It is now clear that the Soviet Union is not ready for any immediate four-power discussions, though I would not by any means rule this out eventually. We must actively keep the option open. But for the reasons given above we cannot risk delaying the efforts to obtain the widest possible support for the idea of international action to keep the Straits open. If we are to have the best chance of Security Council authority for such a course, there should be active discussions of it now amongst friendly maritime powers. The contingency naval preparations with countries other than America ought also to proceed speedily if the possibility of multilateral escort forces is to be a credible element in a settlement. It may be that the international task force may never need to be activated. But its practicability is an essential factor in deterring both immediate war and in producing a final peaceful settlement that will not involve either Israel or Britain and other countries in a surrender of their essential interests.

9. What are these British interests and how can they be safeguarded? They are described in paragraphs 8 to 16 of the accompanying paper (at Appendix) by Foreign Office officials. The point to which I wish to confine myself here is that there is now no course that avoids putting these interests at some risk. They were endangered from the moment President Nasser ejected the United Nations from the Straits. The real question is which course of events puts our interests least at risk for the shortest period of time. There are three main possibilities:

(a) War started by Israeli action against the blockade of the Straits.
(b) A settlement recognising free passage of the Straits.
(c) A settlement acquiescing in the closure of the Straits.

10. Course (a). We would try to avoid being sucked into an Arab/Israel war except as part of United Nations peace-keeping. But as the officials' paper makes clear, even if we succeeded in staying out, our interests would suffer from identification with Israel in Arab and Soviet propaganda. If the Americans became involved, we should have the agonising choice of measuring the further damage to our interests of supporting them, against the different but grave damage to our interests of parting company with the Americans on such an issue.

11. Courses (b) and (c). The main difference between (b) and (c) is that under (b) the risk to our interests of Arab retaliation is short-term and we can recover from it. Under (c), on the other hand, the risk to our interests is delayed, but is likely to be much more permanent in the end. If Egypt is allowed to settle on the basis of blocking the Straits and retaining her diplomatic/military victory, the longer-term consequences of this appeasement are likely to include the following:
The Jordanian regime will be toppled.

The South Arabian settlement will be impossible except on Nasser's terms.

Other regimes where our interests are concentrated (e.g. in the Persian Gulf) will be open to Nasserist/Soviet penetration. A war to destroy Israel will become inevitable.

12. There are great risks whatever we do (and in doing nothing) but I conclude that it will be wisest to persist with the course on which we are already set. This means pursuing our efforts at the United Nations for a suitable Security Council resolution and at the same time go ahead with the planning of practical multilateral means of keeping the Straits of Tiran open.

G. B.

29th May, 1967
MIDDLE EAST CRISIS

Memorandum by Foreign Office Officials

I. The Origin and Nature of the Crisis

It is the aim of this paper to deal with fundamental issues and to recommend a policy for Her Majesty's Government. It does not attempt to give any detailed account of how the present crisis arose so suddenly and unexpectedly, or speculate at any length on the motivations of the parties involved. On the face of it, it has resulted from a series of opportunistic moves by President Nasser: a decision that he would have to intervene if Syrian terrorist attacks in Israel led to a large-scale reprisal raid, as the Israelis were threatening; a consequent ostentatious movement of large forces into Sinai to deter an expected Israel attack on Syria; as part of this movement, a request to the United Nations Emergency Force (UNEF) to stand aside from the border; when the Commander of the Force objected, a demand for its withdrawal; and finally, when that demand was quickly accepted (perhaps to the surprise of the Egyptians) a decision to close the Straits of Tiran to Israel ships and "strategic cargoes" (mainly oil) bound for Israel.

2. It has always been an ultimate objective of the U.A.R. under President Nasser to eliminate Israel; but in recent years certain conditions have effectively guarded against the risk of a major U.A.R./Israel war. They were:

(a) the presence of the UNEF in Sinai and on the Straits of Tiran;
(b) the Egyptian belief in Israel's military superiority;
(c) the belief that the United States Sixth Fleet would ultimately prevent Israel being overwhelmed.

Over the past week (a) has been eliminated and (b) and (c) have been put in doubt. We still think it unlikely that the
The U.A.R. is so confident of success that it will attack Israel, and the closure of the Straits of Tiran, which Israel has always regarded as a casus belli, indicates a willingness to risk conflict which is in contrast with Egyptian attitudes over the past ten years.

The effects of the two Egyptian coups - the expulsion of UNIFIL and reclosing of the Straits of Tiran - has been twofold: first, to bring the Middle East to the brink of war, and second, to alter drastically the balance of power in that area to the advantage of the Soviet Union and her clients among the Arab states, at the expense of the United States, ourselves, Israel, and friendly Arab states.

This change has been achieved by methods which cut at the root of international behaviour. We have not enough information from which to judge whether or not the U.A.R. was directly stimulated by the Soviet Union, but its course of action has been facilitated by Soviet policies. The Soviet Union has for long pursued, without haste, a policy of increasing its position, and that of its ideology, in the Middle East. It started by favouring Israel against the Arabs, but in the mid-fifties changed sides, and has been able to outbid us for the favours of some Arab countries by open partisanship for the Arabs against Israel, supplying large quantities of arms, and mendacious propaganda typified by the "Pravda" statement of 24 May which gave unconditional support to the U.A.R. Government's actions. But, as elsewhere, the Soviet Union aims to avoid direct involvement in war.

There is a danger that the momentum of these successful exercises in brinkmanship will cause the Egyptians to take
more risks. There is disturbing evidence from all the Arab countries of the way in which the events of the past week are being celebrated as Arab victories and as a prelude to a successful campaign against the existence of Israel. Almost all Arabs, even those who are opposed to President Nasser and are threatened by the present turn of events, share the sense of national humiliation which the defeat of 1948 brought with it; and a dangerous head of steam is being built up which could get out of the control of governments and lead to an attack on Israel.

6. Our estimate, although the Israelis have expressed their conviction to the contrary, is that there is no such present intention on the part of the U.A.R. It is probably more likely that, having achieved these two successes, the Egyptians, with Russian support, will for the time being adopt the role of peaceloving guardians of the new situation whilst perhaps offering some "concessions" of no substance. Any steps taken by countries wishing to amend the situation will be represented as pro-Israel and anti-Arab - a point of great importance to us with our stake in the Arab world (see paragraphs 8 to 15) - and will be unpopular with the Afro-Asians in New York, especially if they can point to some alleged "compromise" package offered by the U.A.R. The attitude of the Security Council when faced with a real and urgent threat to the peace has been one of the more depressing aspects of this whole business.

7. The most crucial immediate danger point is the closure of the Straits of Tiran to Israel shipping. The Israelis have declared since 1957 that they would treat this as a casus belli. On the one hand, they are anxious to avoid war because they know they would at best suffer heavily; they
have postponed the need for a decision to resist, by delaying the arrival of ships at Elath; and they sent their Foreign Minister to Paris, London and Washington to look for some alternative. On the other hand, the Israel Foreign Minister has said that capitulation is impossible; and for the Israelis acquiescence in the present situation would only be a postponement of an inevitable conflict to avoid ultimate strangulation. After this experience it is all the more likely that Israel will embark on the production of nuclear weapons.

II. British Interests

A. Political

3. We are deeply involved in the Middle East, through CENTO, our commitments in the Persian Gulf and South Arabia and our traditional relationships with non-revolutionary as well as revolutionary Arab States. So long as this remains the case, we have an overriding interest in orderly rather than violent change and in preventing the spread of communism or the establishment of other forms of Soviet control over the area. We thus stand to be major losers if President Nasser's present cheap victories are acquiesced in. His enhanced prestige will enable him to intensify with greatly increased chances of success his campaign against "Arab reactionaries and Western imperialists", probably with increased Soviet support. Although all Arab nationalists will applaud him, many of those who are disposed to co-operate with the West will be deeply worried and discouraged if nothing is done to stop him. And our own policies of orderly disengagement in South Arabia and of modernisation in the Gulf will be made even more difficult of fulfilment. These political reverses would have economic consequences (see paragraph 11 below).

/9.
9. We also have an interest in acting in the Middle East in concert with our friends and allies, European as well as American. The days are past when we could take effective action on our own. Our national interest requires us to avoid involvement on our own in inter-Arab quarrels or in the Arab-Israel dispute but rather to give our support to international action through the United Nations and, as necessary, outside it to uphold international order.

10. We must recognise that in a crisis such as the present, even if we were to seek to stand aside entirely, we should be widely believed in the Arab world to be on Israel's side, a belief already being fostered by Soviet propaganda. We cannot therefore by inaction avoid damage to our interests and long term risks to our whole position in the area.

B. Economic

11. We have extensive economic interests in the Middle East which can be summarised as oil, trade, sterling balances held by Arab countries, and transit by sea and air. Whatever the outcome of the present situation they are likely to suffer. The consolidation of the U.A.R. victory could lead to the rapid undermining of the Arab States where our economic interests are concentrated and expanding. Oil supplies would no doubt continue but under more difficult terms and they would probably come under the control of basically hostile and pro-Soviet regimes. In case of war, apart from the disruption of trade and the possible general effect on sterling which would result from political uncertainty or war, we would, even though we stood aside, be regarded as pro-Israel. Action taken to support the principle of freedom of passage will be interpreted as anti-Arab. On the Arab/Israel issue, through conviction...
or necessity, all Arab Governments stand together. A clash with them on it incurs risks of the following consequences:

(a) the closure of the Suez Canal to our ships;
(b) interference with oil supplies, either at source by Arab states or in transit;
(c) some sort of an Arab boycott against us;
(d) withdrawal of sterling balances e.g. by Kuwait.

But if Israel takes military action, irrespective of what we do or do not do, we may then in any case be exposed at least to some of the above consequences. This is because, even if we take no positive action, we shall be represented as pro-Israel or anti-Arab.

12. If we take positive action along with the Americans but without the French, the latter might try to represent in the Common Market context that we are dependent on the United States and to that extent non-European.

13. Against this, it is an important general economic interest to defend the principle of free navigation.

C. Strategic

14. There is no direct British strategic interest in the Straits of Tiran in the sense that the carriage of cargoes through the Straits is essential to Britain. But nevertheless we have a general interest in the principle of freedom of passage through international waterways (for legal position see Annex 'C'). Moreover, as is argued below, the successful flouting of this principle in this instance might be expected to encourage infringement of it and a generally more intransigent attitude by the Egyptian Government in other places and on matters in the Middle East where our interests would be directly involved.
15. Any action which arouses Arab hostility incurs the following risks. (They could also arise eventually if the U.A.R. continued its present course unchecked.)

(a) The closure to us of the Suez Canal with the consequence that our access by sea to the Indian Ocean would have to be by way of the Cape. This would give new significance to Simonstown and generally increase our dependence on South Africa on a continuing basis;

(b) The loss of overflying and landing rights in all Arab countries. If these rights were lost in the Persian Gulf States, the consequences would be that we should be unable to use the CENTO route to the Middle and Far East unless Turkey and India (almost inconceivably) gave us staging rights. In these circumstances the only alternative open to us would be the more expensive and much longer Westabout route, which would be, at best, only a partial palliative. In any event we have not yet made all the preparation necessary for its regular use;

(c) There could be unwelcome repercussions which made our task in South Arabia harder;

(d) We should seriously jeopardise our position in Libya.

16. In addition, the following risks might be incurred in non-Arab countries:

(a) The Cyprus Government might exert pressure against the Sovereign Base Areas with the consequence that our future use of them and possibly, therefore, our ability to make a military contribution to CENTO would be impaired;
(b) we might want to withdraw naval forces from the Far East to assist at the Straits of Tiran (or elsewhere in the Middle East if the conflict had escalated), but by doing so might encourage the Chinese to seize the opportunity to intensify pressure on Hong Kong;
(c) we might, in the early stages, at least, need to withdraw temporarily our blockading force in Beira to assist at the Straits of Tiran with the consequence of opening a potentially large breach in our policy of sanctions against Rhodesia, and we should be doing this in a manner likely to draw censure from the Afro-Asian countries.

In concluding this section however it should be said that there can be no certainty of avoiding some or all of the disadvantages described above if we remained entirely passive. For instance, if there were an Israeli-Egyptian conflict, even though we kept out, we would in any case be regarded by the Arabs as pro-Israel, with the attendant risk of sabotage of pipelines, oil installations etc., as certain of the Arab States have already threatened. Moreover, whether encouraged by success without war, or under the pressure of war, the Egyptian Government might well take action which would directly involve us, for example by trying to blockade Israel in the Mediterranean, by threatening to close the Canal or even by actually closing it by one means or another.

III. Possible Course of Events

(a) Resistance by Israel leading to an Arab/Israel War

18. The Israelis have apparently abandoned for the moment a plan for an air strike against the Egyptian guns and ships at the Straits of Tiran. It is just conceivable that such a
strike might be effective. Our assessment is, however, that Egyptian prestige is too far engaged and that, even if the action began in this limited way, it would lead to a full-scale air battle over Israel and the U.A.R., and land battles in Sinai and to a lesser extent on other fronts.

19. It is still the British and American intelligence estimate that Israel could probably defeat, though at the cost of heavy damage, the U.A.R. and other Arab forces likely to be involved in fighting against her. However, the odds have shortened, and are continuing to shorten, since the Arab build up on the Israel frontiers began.

20. There is a school of opinion in Washington that the best way of meeting the present situation might be for the Israelis to put Nasser to the test on the closure of the Straits of Tiran and exercise the right of self-defence if there was interference with shipping. The Israelis could then deal with the Egyptians without western intervention except in support of international action to bring hostilities to an end. The objection to this thesis is that, unless the Israel victory was extremely rapid, there would be a very real risk of the U.S.S.R. giving military support, probably in the air, to the Arabs. At this point, the danger of a Soviet/American confrontation would be imminent. The decision in Washington appears to have gone against this course.
21. If the battle went against Israel, the U.S. Government would be under the strongest pressure to intervene militarily to prevent Israel being overwhelmed. Here again the risk of direct U.S.S.R./U.S. confrontation would be imminent. (b) Acceptance of the new situation by Israel

22. As time passes there is a growing chance that under American pressure and exhortations and promises of a political solution, the Israel Government, having failed to act initially, will continue to hold off.

23. If this situation continued indefinitely and no tolerable compromise was achieved internationally, this would amount to capitulation. The consequences for Israel and the West would then be very serious. The shift in the balance of power in favour of the Soviet Union would have been confirmed. The credibility of the U.S. cover to Israel would have been destroyed, the invincibility of the U.A.R. acting under cover of Russian support would have been established. The lessons of the past indicate that it would only be a matter of time before there were further attacks on Israel, on the non-revolutionary Arab states, and on western interests in the area.

(c) A compromise solution brought about by international action

24. Various possibilities are discussed below.

IV. Possible Courses of Action by Her Majesty's Government

The Lessons of History, 1938 and 1956

25. It is inevitable that the character of the events which have produced this critical situation should have suggested comparisons with 1938 and 1956; and it would be as well to
have in mind the lessons to be drawn from those years.

The lesson of 1938 is that, if a Power pursues aggressive and predatory policies amid widespread criticism and gets away with it, that Power will tend to go further and that its ambitions may well grow pari passu with its successes. There may well be no end to the process. The lesson of 1956 is that there is no sense in going to war on something which is not a legitimate casus belli (nationalisation of the Suez Canal in the terms of 1956 conditions) and in employing methods of doing so which go against established democratic and international practices - unless the nation so proceeding has overwhelming power or overwhelming backing. 1938 suffered from wholly faulty diagnosis of the purposes of those involved; it now appears that there was less faulty diagnosis in 1956, in the sense of an appreciation of Middle Eastern people and their purposes, but a totally false estimate of what, in a given situation, we should or could do. We need not make these mistakes this time.

26. Perhaps a nearer parallel than either 1938 or 1956 is the Cuba crisis of 1962, the difference in this case being that there is a double confrontation - between the U.S. and the U.S.S.R., and between Israel and the Arabs, and neither the U.S. nor the U.S.S.R. can wholly control their proteges.
27. Her Majesty’s Government have no obligation to intervene militarily in an Arab/Israel conflict. We regard the Tripartite Declaration (which was in any case only a declaration of intent) as inapplicable to present conditions, and the Macmillan statement of 14 May 1963 does not promise, much less commit us to, action outside the United Nations. For us to intervene in an Arab/Israel war on the Israel side could cause us to lose the whole of our economic and strategic interests in the Arab countries. Indeed, however hard we endeavoured to maintain an impartial position our national interests would be threatened, since the Russians would inevitably give full political and propaganda support to the Arabs, and we and the Americans would be identified with Israel.

28. If the Israelis had the upper hand, we would, especially in view of the danger of Russian involvement, need to use such influence as we had to restrain Israel from going too far beyond restoring the status quo ante 16 May.

29. If the Israelis were losing the battle, and the U.S. Government had to intervene militarily to prevent Israel being overwhelmed, we would be under strong pressure from the U.S. Government to join with them. We would be faced with the difficult problem of balancing the damage to our Middle East interests if we did, against the damage to our relations with the U.S. if we did not.

Course B: Acceptance of the new Situation by Israel

30. We would in this case have to face the serious consequences for our own position in the Middle East of this major change in the balance of power (see paragraph 22 above) and for the world.
world of this successful flouting of the international order.

Course C: A Compromise Solution brought about by International Action.

There are four possibilities at present under discussion, which could be pursued separately or in combination. They could remain possible even if, in spite of our attempts to prevent it, war breaks out.

(i) East/West Co-operation

The French are right in saying that the problem could be settled by Quadripartite co-operation. Although there are good European reasons for welcoming this French initiative, the Foreign Secretary’s talks in Moscow have shown that there is no chance of getting any help from the Russians so long as they believe that there is a chance of the U.A.R. getting away with its two victories. At best, there is no possibility of any early result from this.

(ii) Action at the United Nations

Unless the Israel Government takes military action against the U.A.R. in the near future, U.N. pressure is likely to mount for a compromise solution to preserve peace now at the expense of Israel. The Secretary-General has already pointed towards this in his report, which contains references to:

(a) an assurance given him by President Nasser that the U.A.R. will not initiate offensive action against Israel, and the Egyptians’ aim to return to pre-1956 conditions and full observance of the Egypt/Israel armistice agreement;
(b) the possibility of the revival of the Egypt/Israel Mixed Armistice Commission providing for a limited form of United Nations presence in the area;

c) the need for control of activities in the Israel/Syria demilitarised zone;

d) the existence on the one hand of legal doubts about the right of innocent passage through the Straits of Tiran and the Gulf of Aqaba, and on the other the dangerous consequences that could ensue from restricting passage;

e) the need for a breathing spell in which to seek solutions for these problems.

34. Countries which wish to avoid taking up a political position will join with the pro-Arab group in drawing attention to doubts whether the Straits of Tiran are an international waterway. As the Annex B shows, the matter is further complicated by the question of belligerent rights. These doubts will combine with the fear of war to incline member States towards an inequitable compromise.

35. For the Israelis the essential feature of any settlement will be the degree of freedom for shipping to transit the Straits. President Nasser has declared in the most uncompromising terms his intention of blocking the passage of all Israeli ships, and ships of other nationalities bearing strategic goods (which we understand to include oil) to Elath.
They also assert the right to stop and inspect ships in order to enforce their restrictions. If Israel were prepared to accept a compromise at all, the minimum terms it would be reasonable to press her to accept are probably the present position with an understanding that oil would not be regarded as a strategic material, and perhaps with some restricted access for Israeli shipping. But as part of such a compromise Israel and other powers would probably have to acquiesce in the position that the U.A.R. has a right to exercise some degree of control over the Straits of Tiran.

(iii) Unilateral action by Her Majesty's Government to open the Straits of Tiran

36. Her Majesty's Government might inform the U.A.R. Government of their intention to maintain, with naval escorting vessels if necessary, the right of passage through the Straits of Tiran by British ships. We could then call on others to follow our lead. Her Majesty's Government have a duty to protect British shipping and this action would be applauded by the British public. At the same time it would help to get the Straits open to all shipping.

37. The objections to this course are these:

(a) President Nasser would probably accept the challenge and stop the passage of our ships unless we had a credible deterrent available. The escorting vessels, which would take time to assemble, would not themselves be able to force a passage if resisted, and we should also have to assemble forces likely to deter the U.A.R. and accept that a consequence could be full scale war with the U.A.R. It is very doubtful whether unilateral British action would deter.
(b) By taking the lead in this way, even in a British as distinct from an Israeli interest, we would dangerously expose our interests in the Arab world, and draw on ourselves reprisals.

(c) We cannot count on others following our lead; and opinion in many countries would be prejudiced against the idea of action of this kind by us on account of Suez.

(iv) **International action to open the Straits of Tiran**

It is possible that the Israel Government could be more easily restrained from acting to open the Straits of Tiran if they were persuaded that countries supporting the principle of freedom of navigation would take effective action to open the Straits. The Israeli Foreign Minister told the Prime Minister on 24 May that this was the course his Government would prefer. It would have the advantage of being action to defend a principle of international law of great importance to all maritime nations rather than action specifically to assist Israel; and a number of countries (including the United Kingdom) committed themselves in 1957 to support the principle of freedom of transit for all through the Straits of Tiran.

39. The Minister of State, Mr. George Thomson, has discussed such a scheme with the Americans and reached agreement ad referendum on both sides. Its essential elements are:

(a) Continued action in the United Nations to get as wide support as possible for the principle of freedom of passage through the Straits of Tiran; so that even if there was a Soviet veto international support for some action could be shown.

/(b)
(b) A joint declaration by interested Governments to assert the freedom of passage through the Straits.

(c) The assembly of naval forces north of the Suez Canal in the Eastern Mediterranean as a deterrent to Egyptian interference; and the provision of escorts for shipping passing through the Straits. Further discussion would be required as to the possible role of a deterrent force in the Red Sea.

40. This plan could be presented as having wide support at the United Nations; and as genuinely international action in defence of an international principle rather than as action to assist Israel. But it would be misleading to suggest that these optimum conditions could ever be achieved. A declaration without teeth would not serve the purpose. Anything involving naval action outside the United Nations is likely to be seen as thinly disguised Anglo-American action in support of Israel. We can expect for it limited practical co-operation from one or two friendly European countries, support in principle from a few others, and reactions ranging from disapproval to hostility in the rest of the world.
11. This is a grim picture; but as explained elsewhere in the paper we shall incur odium on other counts even if we remain passive moreover against the difficulties described in the previous paragraph must be set the following considerations:

(a) Soviet and U.A.R. tactics in this are based on the assumption that we and the Americans will not take forceful action and will restrain the Israelis.

(b) The revivified prestige of the U.A.R. could disappear almost as quickly as it appeared that the run of unexpected successes had been reversed. A show of determination could, therefore, change the situation very quickly, and former friendships might be resumed.

12. Such a course could not be recommended if the other possibilities were not so much more grim; viz. a full-scale Arab/Israel war within a matter of days or hours, or a major setback of western interests in an area of great importance, combined with a damaging blow to the international order.

13. The practical aspects and the time scale of this course of action are set out in Annex A. The legal aspects are discussed in Annex B.

14. Conclusion

(i) The effect of Nasser's action has been to alter drastically the balance of power in the Middle East to the advantage of the Soviet Union and her clients among the Arab States.

(ii) We should naturally look to the United Nations to redress the balance. But on present showing it is most unlikely to do so.

(iii) Action by us either alone or with our friends would
would be interpreted as action on behalf of Israel. This would entail grave risks for our important interests in the Arab world and in particular for our Middle East oil.

(iv) On the other hand, failure to act could be even more damaging. It might lead to an Arab/Israel war with its risk of a direct confrontation between the United States and the U.S.S.R. Or, if Israel were obliged to accept the blockade of Aqaba, it would result in a Middle East effectively dominated by President Nasser under Soviet protection. All our interests there, including our oil, would then be at Soviet mercy.

(v) Whatever decision we take, therefore, even if it is to do nothing, may result in serious damage to our interests. We have to choose the course which offers the prospect of least damage.

(vi) Opinion, especially in the United Nations, seems to be moving in the direction of a compromise which would accept the withdrawal of UNEF and Egyptian control of the Straits of Tiran and include only nominal concessions to Israel. This would be tantamount to an Israeli surrender and would have the same damaging consequences (see (iv) above).

(vii) Some sort of equitable compromise is necessary if we are to avoid the dangers of war or capitulation. We have to decide what terms would be acceptable and what action we can take to achieve them.

(viii) An equitable compromise would have to provide at the very least for the passage of oil tankers through the Straits of Tiran to Elath. In return the Israelis might
be persuaded to acquiesce in the exercise by the Egyptians of some degree of control of the Straits.

(ix) The present trend in the United Nations shows little chance of achieving such a compromise unless we and our friends demonstrate our determination to take any action, including the use of naval force, which may be necessary to assert the right of free passage through the Straits of Tiran.

(x) We should therefore press on with the proposals worked out with the Americans, for a public declaration by the maritime powers and the provision of naval backing on an international basis.

45. Recommendations

(a) We should show our readiness to play a significant part in action with a substantially international character, inside or outside the United Nations, to keep the Straits of Tiran open to international shipping including of course British shipping.

(b) We should work diplomatically at the United Nations for an equitable compromise.
Tripartite Declaration

Parliamentary Statements by Mr. Macmillan in 1963 and the Prime Minister in December, 1964, and April, 1965

1. On Tuesday, 14th May, 1963, the then Prime Minister, Mr. Harold Macmillan, gave the following written answer to a question by Mr. Gilbert Longden (Vol. 667, Col. 142 W):

Israel and Arab States (President Kennedy's Statement)

Mr. Longden asked the Prime Minister whether he will publicly associate Her Majesty's Government with the recent officially declared United States policy to the effect that, should Israel or any of the Arab States appear to violate frontiers or armistice lines, the United States of America would take immediate action both within and outside the United Nations to prevent such violation.

The Prime Minister: Yes. I am glad to endorse the President's statement. Her Majesty's Government are deeply interested in peace and stability in this area and are opposed to the use of force or the threat of force there as elsewhere in the world. We are equally opposed to the interference by any country in the internal affairs of another, whether by the encouragement of subversion or by hostile propaganda. I cannot say in advance what action we would take in a crisis, since it is difficult to foresee the exact circumstance which might arise. We regard the United Nations as being primarily responsible for the maintenance of peace in the area. If any threat to peace arises, we will consult immediately with the United Nations and will take whatever action we feel may be required.

2. In the course of the Foreign Affairs Debate on 16th December, 1964, Mr. Butler asked the Prime Minister (Vol. 704, Col. 413):

I should like to ask him, in relation particularly to Israel, whether he endorses the statement made by the former Prime Minister, Mr. Harold Macmillan, on 14th May, 1963, in which he said, supporting President Kennedy's pledge on the Middle East:

"We regard the United Nations as being primarily responsible for the maintenance of peace in the area. If any threat to peace arises we will consult immediately with the United Nations and will take whatever action we feel may be required".

(Official Report, 14th May, 1963: Vol. 667, c. 142)

If the Government would endorse that statement, then I think that it would give great satisfaction to Israel and would be a stabilising factor in Middle East politics.
The Prime Minister replied (Vol. 704, Col. 416):

I hope that I can deal with his questions about the Middle East quite simply. We certainly endorse what the right hon. Gentleman the then Prime Minister said, some two or three years ago, in the quotation made by the right hon. Gentleman.

3. On Tuesday, 13th April, 1965, Viscount Lambton asked the Prime Minister:

"if Her Majesty's Government are still committed to the tripartite agreement".

The Prime Minister's answer and the subsequent exchanges went as follows (Vol. 710,Cols. 1153-5):

Tripartite Declaration

Q.1 Viscount Lambton asked the Prime Minister if Her Majesty's Government are still committed to the tripartite agreement.

The Prime Minister (Mr. Harold Wilson): The Tripartite Declaration of 1950 was intended to express the policy of Britain, France and the United States at that time. It has not been retracted. I expressed the Government's deep concern for the peace and stability of the Middle East when, in the course of the Foreign Affairs debate on 16th December, 1964, I endorsed Mr. Macmillan's statement of 14th May, 1963.

Viscount Lambton: I thank the right hon. Gentleman for his reply and at the same time congratulate him on the fact that his illness was not of the type to necessitate his having a rest. Does his reply mean that England and France still stand by all the intentions of the tripartite agreement?

The Prime Minister: However hard the hon. Member tries he will not manage to attack those who sit on this Front Bench with the vehemence he used in attacking those who preceded us. The noble Lord will realise that at the time of the 1950 Declaration there was a very different situation, in that the three Powers virtually controlled such arms movements as there were. There is now a big difference in the situation, but we feel that the statement made in 1963 is the right one for us to follow, and I give the assurance for which the noble Lord asked.

Mr. Shinwell: Is my right hon. Friend aware that there are differences of interpretation in respect of the tripartite agreement? In the book which I understand my right hon. Friend is now reading on the Suez crisis - or what was alleged to be a crisis - he will find that President Eisenhower and the late Mr. Dulles gave a quite different interpretation from that given by Mr. Harold Macmillan or the United Kingdom Government. Will he take an early opportunity of defining the meaning of the agreement?
The Prime Minister: I went to some lengths on this matter in the debate a fortnight ago on the Middle Eastern question. Certainly in all our contacts with Middle Eastern countries we have been emphasising particularly in what is the most vital issue at the moment; the question of the water scheme - the need for maximum restraint by all the countries concerned.

Mr. Grimond: Is the Prime Minister aware that it is just because the situation is so different now from what it was when the agreement was brought up that we feel that it should be renegotiated? Am I right in thinking that the agreement is an agreement to maintain the frontiers of Israel, and that if it were invoked we might be forced to go to the aid of one side or the other to put back a frontier, quite irrespective of the rights and wrongs of the initial controversy which had led to the violation of that frontier?

The Prime Minister: The original Declaration, as the right hon. Gentleman knows, was signed at a time when the signatories could regard themselves as virtually the arbiters of Middle East policy. This is no longer the position today, partly because of the intervention of the Soviet Union and other countries, partly because of certain aspects of Israeli and Arab nationalism going far beyond national frontiers in the area. We regard our interest in it now as going far beyond the maintenance of particular frontiers, as the right hon. Gentleman has suggested, and certainly if the circumstances became appropriate, I am sure that there is nothing that the House would like better than to get some kind of agreement on arms supplies, arms control and the banning of nuclear weapons in that area.
INTERNATIONAL ACTION TO OPEN THE STRAITS OF TIRAN

PRACTICAL ASPECTS AND TIMESCALE

For the purposes of the calculations which follow, it has been assumed that the objective is to build up a force which could (with adequate support from units in the Eastern Mediterranean) escort merchant ships through the Straits of Tiran. It is assumed, throughout, that no British or United States units will be able to pass through the Suez Canal from North to South during the period in question.

2. Assuming that the Escort Force required would consist of three Escorts, four mine counter-measure vessels (MCMs) and one supporting tanker, how long would it take to assemble this Force in the Red Sea at the mouth of the Gulf of Aqaba?

At the very earliest an Escort Force, which might initially have to be mainly Anglo-American, could reach the area of the Straits of Tiran by 7th June. This does not take account of the period required for the assembly of a deterrent task force in the approaches to the Red Sea, if one were decided upon, but it is estimated that this could reach the area by approximately the same date. The limiting factor is the speed of the coastal minesweepers, which will arrive at Aden on 2nd June. HMS Hermes, accompanied by a frigate, will reach Aden on 31st May. In the event, the time factor would be dictated by the number of nations participating.

3. How long could this Escort Force remain on station, even if there were no losses requiring replacement?

If need be, the British element of the force could remain on station for two or three weeks, at the cost of some stress to the crews of the minesweepers, which are very small. This is the best guess that can be made in the absence of a detailed plan and the actual time would depend upon the intensity of activity and the availability of support facilities. To retain the force for a longer period would raise problems of roulement and entail bringing large forces to the area and require the provision of increased support facilities for the minesweepers. We are informed that the actual task of sweeping any mines which may already have been laid in the Straits of Tiran would only take a few hours if they were of an unsophisticated type. Other types would take longer. It is not absolutely certain that any have been laid.

4. What other naval forces of allied maritime nations are already within reasonable range?

The USS Fiske (Destroyer) is at Massawa and the USS Joseph F. Kennedy (Destroyer) is due at Aden in two days' time. A United States converted seaplane tender, the Valcour, is at Jedda. In addition, there are one French coastal minesweeper and a very small French patrol vessel at Djibouti. No other allied vessels are known to be in the area south of the Canal. A number of NATO navies have considerable naval forces in the Mediterranean.
5. If there were a call for inclusion in the force of a DLG (guided missile destroyer), how long would it take to get this DLG into position?

We are told that the DLG could arrive off Aden within six days if the order were given today.

6. One of the additional measures which might be taken against the United Arab Republic might be the employment of electronic countermeasures. Would these require additional vessels or aircraft in the immediate area of the Gulf of Aqaba?

No. It is understood that these measures would be undertaken by the units taking part in active operations and would not call for any additional forces in the Straits of Tiran area. The most likely area of such operations would be in the Eastern Mediterranean, where they would be undertaken by forces already there.

7. To what extent, and how soon, can the United Kingdom Sovereign Base Areas (SBAs) in Cyprus become self-defending?

We are told that the SBAs could be made self-defending against possible air and ground attack within the timescale of the preparations of escort operations in the Gulf of Aqaba.

(a) Air Defence

A squadron of Lightning fighters is already in Cyprus. Another squadron could be flown to Cyprus well within the period of preparation (i.e., before 7th June). A section of Bloodhound air defence missiles is at present in Libya and could, together with Bloodhounds from the United Kingdom, be deployed at the SBAs in Cyprus within the same period.

(b) Land Defence

The additional ground forces necessary for the defence of the SBAs could be flown from the United Kingdom within the preparatory period.

8. Additional Naval Units in the Area

Apart from Portuguese naval units in the Mozambique area, there are, as far as can be reliably ascertained without making enquiries in the capitals concerned, no other NATO warships anywhere within reasonable range south of the Canal. But we believe that Ethiopia has at Massawa, in addition to the 1,800-ton training ship "Ethiopia", five small coastal patrol craft and that Iran has in the Khorramshahr area one or possibly two frigates, four coastal minesweepers and one landing ship converted for use as a coastal patrol craft. Clearly none of these has any direct military relevance.

9. Preparations

The fact that preparations were being made would become public knowledge.
NOTE ON LEGAL ASPECTS

A. The right of innocent passage

It is well-established in international law that in time of peace:

(i) The ships of all States are entitled to a right of innocent passage through the territorial sea of another State.

(ii) Passage is innocent so long as it is not prejudicial to the peace, good order or security of the coastal State.

(iii) The coastal State must not hamper innocent passage through the territorial sea.

(iv) The coastal State may take the necessary steps in its territorial sea to prevent passage which is not innocent.

(v) Subject to (vi), the coastal State may, without discrimination amongst foreign ships, suspend the right of innocent passage temporarily in specified areas of its territorial sea if such suspension is essential for the protection of its security.

(vi) There shall be no suspension of the right of innocent passage of foreign ships through straits which are used for international navigation between one part of the high seas and another part of the high seas or the territorial sea of a foreign State.

(See Articles 14 to 16 of the Geneva Convention of 1958 on the Territorial Sea).

2. There would appear to be no doubt that ships to and from Eilat (and other ports in the Gulf of Aqaba) are entitled in time of peace to a right of innocent passage through the Straits of Tiran under these rules, and in particular that rule (vi) applies in respect of them. This is so irrespective of whether there is any area of high seas in the Gulf of Aqaba or whether it comprises only territorial waters of the coastal States.

3. In order to gain access to Eilat it is, of course, necessary to pass through Egyptian or Saudi territorial waters both in the Straits of Tiran and in the Gulf of Aqaba itself. There may be some doubt as to whether rule (vi) applies in respect of, for instance, Egyptian or Saudi territorial waters at the northern end of the Gulf, but it is believed that an international tribunal would, in the light of the relevant provisions of the Geneva Convention, be likely to treat rule (vi) as applying throughout the length of the Gulf.

4. There is, however, the question whether the UAR, having regard to the present state of tension between her and Israel, is entitled under the above rules to prevent the passage of ships carrying cargoes of strategic value to Israel on the grounds that such passage cannot be regarded as innocent. There is clearly room for argument on this point, but the better view probably is that the innocency of a
passage must be judged by whether the vessel, while in the course of passage, constitutes a threat to the security of the coastal State and does not depend on the use to which its cargo may ultimately be put. It may, therefore, be argued that the free passage of a vessel carrying strategic materials or oil to Israel does not itself constitute a threat to the security of the UAR, that Israel is perfectly entitled to acquire the equipment necessary for her self-defence and oil for her peaceful needs, and therefore the passage of such vessels may not be interfered with in the absence of a situation entitling the UAR to exercise belligerent rights. Nevertheless, having regard to the present relations between Israel and the UAR, the contrary view might prevail in an international tribunal such as the International Court of Justice.

B. Is the UAR entitled to exercise belligerent rights against Israel?

5. The UAR is not entitled to exercise belligerent rights unless she is at war with Israel. Merely to claim to exercise belligerent rights is not, in itself, sufficient to create a state of war. Therefore, in the absence of a declaration of war by either Israel or the UAR, it is necessary to consider the relations actually existing between the two States.

6. The relationship is a complicated one. It stems from the hostilities that broke out in 1943 and the Armistice Agreement of 1949 between Egypt and Israel. From the legal point of view, it is complicated by the fact that Egypt does not recognise Israel as a State and that Israel no longer regards the Armistice Agreement as in force.

7. Nevertheless, before 1956, the view of Her Majesty's Government was that with the lapse of time it became increasingly difficult to maintain that there was a state of war between Egypt and Israel. Although some doubt arose as a result of the Suez crisis, the view that any state of war has been eradicated by the passage of time now seems to be the better one.

8. Even as long ago as September, 1951, the Security Council (Res. 95) considered "that since the armistice regime, which has been in existence for nearly two and a half years, is of a permanent character, neither party can reasonably assert that it is actively a belligerent or requires to exercise the right of visit, search and seizure for any legitimate purpose of self-defence".

9. On the other hand, the UAR has long maintained that, in spite of the Armistice Agreement, it is in a state of war with Israel, while confirming their adherence to the Armistice Agreement.

10. In these circumstances, while the legal position must remain open to argument, it would be a perfectly respectable view to say that Egypt is not entitled to exercise belligerent rights against Israeli ships.
C. **Assertion of the right of innocent passage**

11. On the assumption that the UAR is not entitled to interference with the right of innocent passage through the Straits of Tiran, what action by Her Majesty's Government and other Governments, otherwise than under the authority of the United Nations, is permissible to assert the right?

12. In the Corfu Channel Case the International Court held in effect that if a State has a right which it is entitled to exercise and another State wrongly or forcibly persists in interfering with its exercise, the first State is not bound to submit to the lawless use of force by the second but may lawfully assert its right by the threat or use of force. Thus, in circumstances in which Albania was denying the right of passage through the Corfu Channel by the use of shore batteries, the Court upheld the right of the United Kingdom to send warships through the straits with the crews at action-stations prepared to use force in self-defence during the passage if attacked from the shore. On the other hand, the Court declared that subsequent action taken by the Royal Navy to remove mines from the Channel was a violation of Albanian Sovereignty.

13. It appears to follow from this judgment that it would be legitimate for the Royal Navy to escort British flag vessels through the Straits of Tiran and to resist by force any forcible attempt by the UAR to prevent passage. But the threat or use of force against the UAR except for the purpose of actually exercising the right of innocent passage, would be illegal.
Memorandum by the Lord President of the Council

The Problem

I regret that I have to trouble the Cabinet with an important question which has arisen during the passage of the Leasehold Reform Bill and on which the Ministerial Committee on Rent, Land and Leasehold Reform have been unable to agree.

2. The Bill as introduced (and the White Paper (Cmnd. 2916) confines the right to enfranchise to qualified leaseholders of houses the rateable value of which does not exceed the Rent Act limits (£400 in London, £200 elsewhere). In Standing Committee the limit was removed, by a majority of 38-1. This seriously alters the balance of the Bill. There are theoretically four possible courses to take:

(a) To leave the Bill as amended,
(b) To restore the Rent Act limits,
(c) To insert higher limits,
(d) To provide for properties above the Rent Act limit a right to enfranchise at the market value of the freeholder's interest but no right to a 50 year extension of lease (which the Bill provides for property below the limits) thus depreciating the value of the freeholder's interest.

Relevant Considerations

3. The Committee accept the view of the Minister of State, Ministry of Housing and Local Government, that simply to restore the Rent Act limits is politically impossible. The Rent Act limits have some logical justification because they define the properties whose value to the landlord has already been depreciated by the creation of the 1954 Act of the statutory tenant. Once they are abandoned there is no logical justification for any higher figures that might be chosen. The Committee therefore considered that for practical purposes the choice lay between leaving the Bill as amended and course (d) - enfranchisement at the current market value of the freeholder's interest.
4. Table A annexed to this memorandum shows that there are 8,431 otherwise qualified properties above the Rent Act limits. Table B illustrates the extent to which the inclusion of these properties in the benefits of the Bill alters its character. The Cabinet accepted, though some of us only with difficulty (CC(66) 7th Conclusions, Minute 2) a measure which admittedly had confiscatory elements, in that it involved a considerable transfer of value from the freeholder to the leaseholder. We thought this could be justified in the context of the advantage which the leasehold system gives the landlord as against the small man. Most of the properties concerned are small - the removal of the limits adds only about 1 per cent to the qualified total; but it brings in relatively well-off leaseholders who have no moral claim to the large financial gains which enfranchisement will bring them. Columns 6 and 12 of Table B, which relates to actual houses, show the gains which the leaseholders of the more valuable properties will make where the unexpired term of the lease is relatively short - e.g. for a payment to the freeholder of £1,815, the leaseholder of a property with rateable value of £630 will gain £11,935; for a property of £1,097 rateable value the figures are a payment of £10,000 for a gain of £32,000. Some members of the Ministerial Committee consider that such gains (which will not be subject to capital gains tax) are indefensible. If the leaseholder had to pay the market value of the freehold, however, his payments in these two cases would be respectively £8,100 and £28,000, which would give him some, but not an excessive, benefit.

5. The Minister of State does not feel able to accept market value for properties above the Rent Act limits on the ground that we have resisted Opposition attempts to tie the compensation to market value for all properties affected by the Bill including those below the Rent Act limits.

Conclusion

6. The Cabinet are asked to decide which of the courses indicated in paragraph 2(a)-(d) should be adopted.

R. H. S. C.

Privy Council Office, S.W.1.

31st May, 1967
### TABLE A

**NUMBERS OF HOUSES ABOVE CERTAIN LIMITS OF RATEABLE VALUE WHICH WOULD IN OTHER RESPECTS QUALIFY FOR LEASEHOLD ENFRANCHISEMENT**

<table>
<thead>
<tr>
<th>District</th>
<th>Over £400 R.V.</th>
<th>Over £500 R.V.</th>
<th>Over £600 R.V.</th>
<th>Over £700 R.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kensington &amp; Chelsea</td>
<td>1796</td>
<td>1398</td>
<td>822</td>
<td>513</td>
</tr>
<tr>
<td>Barnet (Hampstead Garden Suburb)</td>
<td>502</td>
<td>295</td>
<td>172</td>
<td>109</td>
</tr>
<tr>
<td>Camden</td>
<td>245</td>
<td>131</td>
<td>65</td>
<td>57</td>
</tr>
<tr>
<td>Westminster</td>
<td>1220</td>
<td>975</td>
<td>771</td>
<td>609</td>
</tr>
<tr>
<td>Others [Includes Dulwich College Estate]</td>
<td>56</td>
<td>24</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3835</strong></td>
<td><strong>2823</strong></td>
<td><strong>1858</strong></td>
<td><strong>1290</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(b) Provinces</th>
<th>Over £200 R.V.</th>
<th>Over £250 R.V.</th>
<th>Over £300 R.V.</th>
<th>Over £350 R.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>540</td>
<td>214</td>
<td>77</td>
<td>22</td>
</tr>
<tr>
<td>Blackpool</td>
<td>131</td>
<td>98</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Bolton</td>
<td>59</td>
<td>17</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Bournemouth</td>
<td>218</td>
<td>118</td>
<td>51</td>
<td>31</td>
</tr>
<tr>
<td>Brighton &amp; Hove</td>
<td>152</td>
<td>97</td>
<td>53</td>
<td>47</td>
</tr>
<tr>
<td>Cambridge</td>
<td>328</td>
<td>185</td>
<td>88</td>
<td>30</td>
</tr>
<tr>
<td>Cheshunt Dulwich</td>
<td>222</td>
<td>59</td>
<td>46</td>
<td>22</td>
</tr>
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**LENSHOLD REFORM, EXAMPLES OF HOUSES WITH RATEABLE VALUES OF OVER £200 AND £500 RESPECTIVELY**
MEDICAL TERMINATION OF PREGNANCY BILL

Memorandum by the Secretary of State for the Home Department

At its meeting on 11th May (CC(67) 30th Conclusions, Minute 1) the Cabinet gave preliminary consideration to the question of finding Government time for this Private Member's Bill and agreed that this should be further considered by Legislation Committee. The Committee met on 30th May and there was general agreement, the Lord Privy Seal dissenting, that Government time should if necessary be found for the remaining stages of the Bill (LG(67) 15th Meeting). The latest print of the Bill is attached.

2. The Bill as introduced by Mr. David Steel had the objects of clarifying, and giving statutory effect to, the existing case-law (which permits abortions on grounds of risk to the life or health of the expectant mother), and of introducing certain additional grounds for abortion, including the potential abnormality of the unborn child. The Bill in this form was approved on Second Reading by a majority of 223 to 28, although some who voted for the Bill made it clear that they had reservations about how far the grounds for abortion should be enlarged.

3. In Committee, the Bill was altered on the initiative of Mr. Steel to permit abortions on grounds of risk of injury to the well-being of the pregnant woman or the unborn child or the woman's other children. This enlargement of the grounds for abortion has attracted criticism because of the vagueness of the concept of "injury to well-being", which would cover virtually any grounds for terminating the pregnancy. Moreover the provision for destroying the foetus on the grounds of risk of injury to its own well-being does not make sense.

4. I have been in touch, through Mr. Steel and Mr. Douglas Houghton, with the sponsors of the Bill, about the amendments which might be made in it to make it acceptable. I understand that they are now prepared to propose amendments of the Bill to drop the references to "well-being", and that they will not press an earlier suggestion that the Bill should incorporate a World Health Organisation definition of "health" which defines it to include "well-being". If the Bill is amended as now proposed, it will provide for abortions on two grounds only:—
5. The Bill will contain safeguards which are not in the existing law. A termination of pregnancy will be lawful only if both the operating doctor and another doctor are of the opinion, formed in good faith, that one of the grounds permitted by the Bill is satisfied; the operation may be performed only in a National Health Service hospital or in a place approved by the Minister of Health or the Secretary of State for Scotland; and notice of the operation must be given to the chief medical officer of the Ministry of Health or the Scottish Home and Health Department. The Minister of Health and I are satisfied that, with these safeguards, the Bill, with the proposed amended grounds for abortion, and with other more technical amendments I have suggested to Mr. Steel will be in a workable form. We should not wish to advise the House to accept amendments which propose to restrict in the way suggested by Mr. Braine's amendment the qualifications of the doctors who may perform abortions.

6. The arguments for and against abortion law reform, and the grounds on which abortions should be statutorily permitted, have now been very fully debated in both Houses and it would be most unfortunate if Parliament were now prevented, by shortness of time, from reaching decisions on Mr. Steel's Bill. We should then almost certainly have to go through the same trouble again next session. It seems clear from the volume of amendments that the report stage of the Bill will not be completed during Private Member's time on 2nd June, and that Government time should be given to enable decisions to be reached.

I invite the Cabinet to agree that we should, if necessary, make it clear that Government time will be found.

R.H.J.

Home Office, S.W.1.

31st May, 1967
Amend and clarify the law relating to termination of
pregnancy by registered medical practitioners.

A
BILL
[AS AMENDED BY STANDING COMMITTEE F]

TO

Amend and clarify the law relating to termination of
pregnancy by registered medical practitioners.

BE IT ENACTED by the Queen's most Excellent Majesty, by
and with the advice and consent of the Lords Spiritual
and Temporal, and Commons, in this present Parliament
assembled, and by the authority of the same, as follows:—

5  1.—(1) Subject to the provisions of this section, a person shall
not be guilty of an offence under the law relating to abortion when
a pregnancy is terminated by a registered medical practitioner if
that practitioner and another registered medical practitioner are
of the opinion, formed in good faith—

10 (a) (i) that the continuance of the pregnancy would involve
risk to the life or of injury to the physical or mental
health of the pregnant woman or the future well-being
of herself and or the child or her other children;

(ii) in determining whether or not there is such risk
of injury to health or well-being account may be taken
of the patient's total environment actual or reasonably
foreseeable; or

(b) that there is a substantial risk that if the child were
born it would suffer from such physical or mental
abnormalities as to be seriously handicapped.

(2) Except as provided by subsection (3) of this section, any
treatment for the termination of pregnancy must be carried out
in a hospital vested in the Minister of Health or the Secretary of
State under the National Health Service Acts, or in a place for
the time being approved for the purposes of this section by the
Minister or the Secretary of State.

[Bill 229]

A.D. 1967
(3) Subsection (2) of this section, and so much of subsection (1) as relates to the opinion of another registered medical practitioner, shall not apply to the termination of a pregnancy by a registered medical practitioner in a case where he is of the opinion, formed in good faith, that the termination is immediately necessary where there is a definite possibility of the death or grave permanent injury to the physical or mental health of the pregnant woman.

Notification.

2.—(1) The Minister of Health in respect of England and Wales, and the Secretary of State in respect of Scotland, shall by statutory instrument make regulations to provide—

(a) for requiring any such opinion as is referred to in section 1 of this Act to be certified by the practitioners or practitioner concerned in such form and at such time as may be prescribed by the regulations, and for requiring the preservation and disposal of certificates made for the purposes of the regulations;

(b) for requiring any registered medical practitioner who terminates a pregnancy to give notice of the termination and such other information relating to the termination as may be prescribed;

(c) for prohibiting the disclosure, except to such persons or for such purposes as may be so prescribed, of notices given or information furnished pursuant to the regulations.

(2) The information furnished in pursuance of regulations under subsection (1) of this section shall be notified solely to the Chief Medical Officers of the Ministry of Health and the Department of Health in Scotland respectively.

(3) Any person who wilfully contravenes or wilfully fails to comply with the requirements of regulations under subsection (1) of this section shall be liable on summary conviction to a fine not exceeding one hundred pounds.

(4) Any statutory instrument made by virtue of this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Application of Act to visiting forces etc.

3.—(1) In relation to the termination of a pregnancy in a case where the following conditions are satisfied, that is to say—

(a) the treatment for termination of the pregnancy was carried out in a hospital controlled by the proper authorities of a body to which this section applies; and

(b) the pregnant woman had at the time of the treatment a relevant association with that body; and
(c) the treatment was carried out by a registered medical practitioner or a person who at the time of the treatment was a member of that body entitled to practise as a medical practitioner under the law of the country to which that body belongs,

this Act shall have effect as if any reference in section 1 to a registered medical practitioner and to a hospital vested in a Minister under the National Health Service Acts included respectively a reference to such a person as is mentioned in paragraph (c) of this subsection and to a hospital controlled as aforesaid, and as if section 2 were omitted.

(2) The bodies to which this section applies are any force which is a visiting force within the meaning of any of the provisions of Part I of the Visiting Forces Act 1952 and any headquarters 1952 c. 67. within the meaning of the Schedule to the International Headquarters and Defence Organisations Act 1964; and for the purposes of this section—

(a) a woman shall be treated as having a relevant association at any time with a body to which this section applies if at that time—

(i) in the case of such a force as aforesaid, she had a relevant association within the meaning of the said Part I with the force; and

(ii) in the case of such a headquarters as aforesaid, she was a member of the headquarters or a dependant within the meaning of the Schedule aforesaid of such a member; and

(b) any reference to a member of a body to which this section applies shall be construed—

(i) in the case of such a force as aforesaid, as a reference to a member of or of a civilian component of that force within the meaning of the said Part I; and

(ii) in the case of such a headquarters as aforesaid, as a reference to a member of that headquarters within the meaning of the Schedule aforesaid.

4. No doctor, nurse, hospital employee nor any other person shall be under any duty, nor shall they in any circumstances be required, to participate in any operation authorised by this Act to which they have a conscientious objection, provided that in any civil or criminal action the burden of proof of conscientious objection shall rest on the person claiming it.
5.—(1) Nothing in this Act shall affect the provisions of the
Infant Life (Preservation) Act 1929 (protecting the life of the
viable foetus).

(2) For the purposes of the law relating to abortion, anything
done with intent to procure the miscarriage of a woman is un-
lawfully done unless authorised by section 1 of this Act.

Interpretation. 6. In this Act, the following expressions have meanings hereby
assigned to them:—

"the law relating to abortion" means sections 58 and 59 of
the Offences against the Person Act 1861, and any rule 10
of law relating to the procurement of abortion;

"the National Health Service Acts" means the National
Health Service Acts 1946 to 1966 or the National Health

Short title 7.—(1) This Act may be cited as the Medical Termination of 15

(2) This Act does not extend to Northern Ireland.

To amend and clarify the law relating to termination of pregnancy by registered
medical practitioners.

Presented by Mr. David Steel,
supported by
Dr. Winstanley, Dr. David Kerr,
Dame Joan Vickers, Mrs. Renée Short,
Mr. Simon Wingfield Digby,
Mr. Alex Eadie and Viscount Lambton

Ordered, by The House of Commons,
to be Printed, 5 April 1967
2nd June, 1967

CABINET

THE KENNEDY ROUND

Note by the President of the Board of Trade

In his preliminary note on the outcome of the Kennedy Round negotiations, Sir Richard Powell undertook to make a full report. I think that the Cabinet will be interested to see the attached Report Sir Richard has made to me.

D. P. T. J.

Board of Trade, S.W.1.

1st June, 1967
Ministers may like to have, as a supplement to the brief report that I made on my return from Geneva, which was circulated under cover of EN(E)(67) 14, some account of the proceedings which led to the agreement reached on 15th May.

General
The last five days were devoted to the completion of bilateral negotiations between the principal participants and to multilateral discussion of those problems which affected all or the majority of them. As the time passed the issues narrowed and sharpened until by the last day we were left with a small number of extremely difficult problems affecting chiefly the Community, the Americans, the Japanese and ourselves. These were discussed in ever smaller groups until by the last day only six individuals were concerned - the leaders of the four delegations, Mr. Wyndham White and his deputy. By the time we reached this stage we had already agreed to stop the clock; we were due to finish by midnight Sunday the 14th May, and we overran by 23 hours.

It had been clear throughout the last stages of the negotiation that the chief difficulties lay between the Americans and the Community. In the end these reached the point of being no longer capable of discussion between them and it was apparent to all of us that Mr. Wyndham White would have to intervene by taking the initiative in proposing solutions which none of the negotiators could themselves have advanced and which were equally unpalatable to all of them, so that no one could say that he had been singled out for particularly harsh treatment. After some faltering of touch in the earlier stages Mr. Wyndham White rose to the occasion and carried through the business of the last day with great coolness, courage and skill.

Cereals
Before briefly recounting the history of these events, I should comment on the negotiations for a cereals agreement, which unexpectedly proved easier than had been expected.
The abandonment by the Americans of their proposal to fix self-sufficiency ratios for the importing countries made matters a good deal simpler, though it put the importers in a more vulnerable negotiating position on price and food aid.

On price, we had authority to settle for a maximum of £1.97 for the highest grade of Canadian hard wheat. When I returned to Geneva it seemed clear that Mr. Wynham White had decided to defer any discussion of the cereals price to the very last moment and then to bulldoze the importers into accepting whatever figure the exporters would be prepared to settle for. As this seemed likely to give us a poor bargain I insisted on a discussion of the cereals price on Friday night. The experts began a meeting at 11.00 p.m. that evening. At 1.40 a.m. I was called from bed, as also was Ambassador Roth, to try to resolve the impasse which had by then been reached. The exporters, with Canada very much in the lead, were insisting on a minimum of £2, while the importers had not gone above £1.98, though they had informally suggested splitting the difference and settling for £1.94. This was rejected outright. The exporters then asked for a quarter of an hour’s recess, which was prolonged to one hour and a half while they argued among themselves. When they came back they said that as a great concession to the importers and as positively their last word they would settle for £1.97, which was the upper limit to which I had been authorised to go. An ill-timed intervention by the Argentine, who suggested that the exporters' figure was fair because it split the difference between the £2 for which the exporters had been pressing and the £1.94 which the importers had informally mentioned gave me an opportunity of sowing dissension among the exporters by offering to settle at £1.95 ½, thus magnanimously splitting the difference between £1.97 and £1.94. The exporters refused to accept this on the spot and we broke up without agreement at 5.30 a.m. When we met again at 12 noon we found a disposition to settle on the part of all the exporters except Canada. I refused to discuss the matter direct with the Canadians, saying that the exporters must take their own decisions; I knew by this time that the Argentines, the Australians and the Americans would all settle for our figure and that the Community would also agree with it. The Canadians were thus cornered and obliged to give way, which enabled us to settle for 1½ cents below our maximum figure.
On the food aid programme we settled for 4½ million tons a year, which was the maximum figure for which we had authority, but were able to avoid American proposals for a programme rising by half a million tons a year. We were at one time threatened with a proposal that the British share of the cost should be increased from 5 per cent to 5½ per cent, but we were in the end able to escape this.

**Bilateral Agreements**

We were negotiating bilaterally with the Community, the Americans and the Japanese. All our discussions were tough but friendly. All three countries said that we were much the most difficult of their negotiating partners, but it was noticeable that we completed our negotiations with them before they finished theirs with each other or with third countries. The level of reduction of industrial tariffs was unexpectedly high (37 per cent reciprocally with the Community, 35 per cent with the United States and 33 per cent with the Japanese); this was because in the event all countries preferred to add to their offers rather than to begin a process of withdrawals which might have undermined the whole basis of the negotiation. With the Japanese we did better than expected; this was because the Japanese had sheltered behind us in the cereals negotiations and we were able to exploit their debt to us in this sector by extracting greater concessions from them in the bilateral negotiation than we would otherwise have been able to do.

An incidental effect of the negotiation will be a substantial simplification of the British tariff by the elimination of some 700 of the present 3,000 headings. This will be an advantage to the Customs as well as to British importers and foreign exporters.

**The Americans**

There was a flurry on Saturday and Sunday because of approaches from the American Secretary of State to the Foreign Secretary and from the American Embassy to the Prime Minister's office. The impression given by the representations which they made was that it was the attitude of the British which was most likely to wreck the negotiations. This was entirely unjustified, as the main issues were and always had been between the Americans and the Community. The Americans in Geneva were rather taken aback when I told them what had happened;
it was clear that the State Department and the White House had picked out of an omnibus telegram sent by Ambassador Roth when he was feeling at his gloomiest certain points relating to his negotiations with the British and had given the impression that these were the only problems on the horizon. No doubt the American concern was perfectly genuine and they were indeed fearful of a breakdown; but it was something of an exaggeration to pick on the British for special representations. As Ambassador Roth said to me "I don't suppose that Dean Rusk has been telephoning to Couve".

The Last Day

By Monday morning we were left with four problems: concessions on agricultural products by the Community to the Americans, the chemical package, steel, and food aid. Mr. Wyndham White's proposals concentrated on these by asking for concessions from all parties which could never have been secured by direct negotiations and were, as he put it, of equal brutality. The Community were asked for concessions on a number of minor but highly sensitive agricultural items; the Americans were asked to swallow a much smaller first instalment of the chemical package than they could ever have accepted had it been proposed by the Community; we were asked to concede a 20 per cent cut on the specific tariffs on steel, for which there was no justification as a bargain with the Community and which could be regarded only as a contribution towards a harmonisation of steel tariffs; and the Japanese were asked to make the same contribution to the food aid programme as we had already agreed to make. Those proposals were presented at a meeting of the four principals at 11.00 a.m. on 15th May. Having cleared my lines with the Minister of Power, for whose understanding of the position in which we were placed I was extremely grateful, I thought it right to take the lead by accepting immediately the request made of the British. The other three all asked for time and we agreed to meet again at 5.00 p.m. When we resumed the Americans, with suitably reluctant noises, accepted the chemical package. The Japanese had not heard from Tokyo, and M. Roy was in extreme embarrassment. He was threatened with a meeting of the Council of Ministers in Brussels the following day, which would at the least have delayed the settlement until Wednesday and at the worst might have wrecked the whole operation. We all pressed him to avoid this if possible and to settle that day on the ground that the publicity caused by the news of a further Ministerial meeting in Brussels
would have been disastrous. He asked for more time, and we agreed to meet in private at Sir Eugene Melville's house at 10.00 p.m. When we had all gathered, somewhat later than the appointed hour, M. Rey said that there would be no Ministerial Council; he had been in touch with the Americans and had worked out an agreement with them on the agricultural items. The Japanese Minister (they alone had a Minister as their principal negotiator in these last days) said that he could agree to the financial contribution to the food aid programme, but that there were still questions to be settled about the form of the contribution. This was good enough for the Americans, and we agreed that the essential elements of a Kennedy Round settlement had been decided. We thereupon opened the champagne which Sir Eugene had thoughtfully put upon the ice and after drinking our own health and that of the Kennedy Round we departed for GATT headquarters where at about 11.30 p.m. Mr. Wyndham White announced the settlement to the assembled multitude. It was received with acclaim by all, including the representatives of the less developed countries, and we departed to meet the press and retire to bed.

Aftermath

Though the elements of a settlement are agreed there is a vast mass of detailed work to be done before the full results of the negotiation can be recorded. The record will have to take into account the outcome of all the bilateral negotiations. All countries have been asked to report to the GATT Secretariat by 31st May the concessions which they have made; these will then be compiled in a Protocol Agreement which is to be ready by 17th June and will be formally signed in Geneva on 30th June, when the President of the United States will be signifying his approval in Washington of the detailed changes in the United States tariff.

It will then be necessary for the United States to propose legislation abolishing the American Selling Price system applicable to Benzenoid Chemicals; only when Congressional authority for this has been obtained will the second part of the chemical package be activated. In addition to the direct results of our bilateral negotiations, we shall receive some side benefits from reductions in mfn tariffs negotiated between third countries. These will raise still higher the total size of the reductions achieved.

(5)
Some Reflections

This was a unique negotiation; it was far more elaborate and comprehensive than any previous attempt to reduce trade barriers and it seems most unlikely that there will ever be anything like it again. Given its immense complexity, it was managed with great skill by Mr. Wyndham White and his colleagues of the GATT Secretariat. It took a very long time to get under way, since the Community were not disposed to give their minds to it until they were finally convinced in the last weeks that the American deadline of 30th June was indeed a deadline and could not be extended. The last two weeks were exceedingly strenuous. The days and nights were completely taken up with multilateral and bilateral negotiations; no-one ever got to bed until 2.00 a.m. and meetings frequently went on until much later in the night. Despite the strain, however, tempers were kept and the atmosphere was surprisingly good. Though the negotiations were hard they were on the whole based on mutual trust (with some doubts from time to time of the motives of the Community). The negotiators finished with feelings of respect and, indeed of friendship for one another. When it came to doing business M. Rey showed himself skillful and tenacious, with an ability in the end to take a broad view, and to decide when to risk exceeding his mandate. The Japanese kept as inconspicuous as possible despite the presence of a Minister, and were clearly in no mood to embark upon any very bold measures of liberalisation. The Americans suffered from errors of tactics and timing due chiefly to inexperience; the defects of the American Governmental system which prevents career officials from rising to the most senior posts had never been so convincingly demonstrated to my eyes before. Despite the handicaps from which he suffered, including a rather brash and insensitive deputy, Ambassador Roth proved a good colleague capable of rising above petty detail and of shrugging off the inevitable irritations and frustrations which he had to endure in ample measure, particularly from the Community.

It was particularly interesting to watch M. Rey fighting on two fronts. Not only had he to pursue the Community's interests in his negotiations with third parties; he also had to fight a continuous action with Brussels in order to secure from the Permanent Representatives and the Ministerial Council the concessions without which we could never have successfully concluded, and in Geneva the Commission's every move was closely watched by the IIII Committee. For every day that he
spent in negotiating with other countries he must have spent at least the equivalent in dealing with problems in Brussels. His problems were clearly complicated by his desire to do nothing to injure his prospects of becoming the first President of the fused Executive, now that Dr. Hallstein had withdrawn his candidature. Nevertheless, he showed considerable courage in chancing his arm, but on the last day, with Ministers in all the Community capitals telephoning him continuously about the agricultural concessions which he had been asked to make to the Americans, he was clearly a very worried man.

It was a pity that M. Rey thought it necessary to criticise in Brussels the attitude of the British towards the Community, and that this got into the Press and gave General de Gaulle one more stick with which to beat us. In fact, we gave the Community no more trouble than they gave us or than was inevitable in a negotiation of this kind. I believe that in order to extract the necessary concessions from the Council of Ministers he had to show that he was faced with serious difficulties. He presumably thought it unwise to place the responsibility for these on the Americans, since this would have given undesirable opportunities to those within the Community who would have preferred the Kennedy Round to fail. There would have been no point in criticising the Japanese or any of the smaller countries, and we were thus the only victim conveniently to hand. I am sure that at no time did M. Rey seriously think that we were being unreasonable or that we were deliberately following a policy of blindly supporting the Americans; we ended good friends, and the tribute which I paid to him at the final session was genuinely meant and taken as such. I see no reason to think that relations with the Community have suffered in any way.

I should not like to end this account of a memorable experience without paying the warmest possible tribute to all those members of the British team from all Departments, whether based in Genoa or travelling from London, who worked so tirelessly, so devotedly, and with such conspicuous mastery of the multifarious details with which they had to contend. The standard of professional competence that they showed was remarked upon by all who had to deal with them and they were never faulted.

(Signed) RICHARD POWELL

24th May 1967
CABINET

AN INTERIM INCREASE IN FAMILY ALLOWANCES
IN 1967/68

Memorandum by the Minister without Portfolio and the Minister of Social Security

At their meeting on 14th March (CC(67) 12th Conclusions, Minute 1) the Cabinet decided that there should be no interim increase of family allowances in advance of a final decision on the form of a "give-and-take" scheme, and that this decision in turn should await completion of the general review of public expenditure. We are now pledged to announce this summer our proposals for dealing with family poverty, but it is clear that the time has passed when we could put such a scheme into operation before April, 1968.

2. With the publication later this month both of the Bill providing for increased social security benefits and of the Report of the Ministry of Social Security's Family Circumstances Enquiry, we shall again come under pressure to give some immediate relief to poor families, whose situation the Government have for so long been reviewing as a matter of urgency. The only practicable way of doing this would be by increasing family allowances for the larger families. Any such increase could be subsumed in the long-term improvement to be introduced next April.

3. We have discussed the position with the Lord President and the Chief Whip. If there is to be such an increase, we are convinced that, for practical as well as presentational reasons, it should be made simultaneously with the proposed increase in national insurance and other benefits at the end of October. To achieve this it is necessary for legislative provision to be made not later than mid-August. In our view the best, if not the only, way of putting ourselves in a position to do this, while reserving decisions on the amount and scope of the increase until we have taken firm decisions on family endowment in the light of the public expenditure review, would be to take the necessary power in the Bill providing for national insurance increases.

4. If we do not do this the only possible alternative would be to introduce a separate Bill hard on the heels of the National Insurance Bill, which would look exceedingly inept; in any case it must be doubtful whether we could get such a Bill through all its stages between the time when we take a final decision on family endowment and the summer Adjournment. If we cannot get the Bill by then there will of course be no prospect of putting the increases into payment in
2nd June, 1967

CABINET

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IN 1967/68

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At their meeting on 14th March (CC(67) 12th Conclusions, Minute 1) the Cabinet decided that there should be no interim increase of family allowances in advance of a final decision on the form of a "give-and-take" scheme, and that this decision in turn should await completion of the general review of public expenditure. We are now pledged to announce this summer our proposals for dealing with family poverty, but it is clear that the time has passed when we could put such a scheme into operation before April, 1968.

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October, and indeed very little chance of starting them until December, by which time we shall be well into the winter and less than four months away from the proposed starting date of our long-term scheme.

5. We therefore invite our colleagues to consider whether a Clause should be included in the Bill enabling family allowances (if necessary, for some only of the children in a family – e.g. the third or fourth onwards) to be increased by Order and national insurance dependency benefits for children correspondingly reduced. The power would be transitory and would provide for any such Order to cease to have effect on 5th April, 1968.

6. The Bill must clearly be introduced, at the very latest, by the end of June in order to pass all its stages before Parliament rises.

P. C. G. W.
M. H.

70, Whitehall, S. W. 1.

2nd June, 1967
2nd June, 1967

CABINET

AN INTERIM INCREASE IN FAMILY ALLOWANCES
IN 1967/68

Memorandum by the Minister of Social Security

The Memorandum by the Minister without Portfolio and myself (C(67) 92) sets out the steps we need to take now in order to be in a position to increase family allowances at the same time as the other social security benefits in the autumn.

2. I should like to make quite clear to my colleagues my own view that to refuse even a modest interim measure of relief to large families before the start of another winter would put us in a completely indefensible position. It is now some eighteen months since the problem of family poverty was first brought prominently to public notice by the formation of the Child Poverty Action Group, and in the intervening period we have given repeated assurances that we were urgently considering how these families could best be helped. Our own Survey has confirmed the existence of a large number of families with incomes below the Supplementary Benefit level, and the publication of the full results of the Survey will certainly sharpen the demand for some immediate action. Our position will be all the more difficult because we shall be announcing increases for virtually all other social security beneficiaries, which will further highlight the contrast between the lowest wage-earners and those on benefit, and increase the number of those whose Supplementary Benefit is reduced by the "wage-stop". I believe this would be an indefensible position.

3. I therefore urge my colleagues to agree to take a power in the forthcoming National Insurance Bill which will enable us to make a concurrent increase in family allowances on an interim basis, while leaving the amount and scope of the increase to be decided in the light of the public expenditure review.

M. H.


2nd June, 1967
ARRANGEMENTS FOR TRADE AND INDUSTRY IN THE EUROPEAN COMMUNITIES; DRAFT WHITE PAPER

Note by the Chairman of the Official Committee on the Approach to Europe

Early in May the Cabinet decided (CC(67) 27th Conclusions, Conclusion (3)) that, in addition to the Prime Minister's statement to the House of Commons (Cmnd. 3269), a further publication, or series of publications, should be laid before Parliament about the impact of joining the European Communities. Since then White Papers on the Common Agricultural Policy (Cmnd. 3274) and on the Legal and Constitutional Implications (Cmnd. 3301) have been published. A draft White Paper on Arrangements for Trade and Industry in the European Communities is now submitted by the Official Committee on the Approach to Europe for consideration.

2. The publication of a White Paper on trade and industry would enable Ministers to say that, in addition to all the material which has been published on British membership of the European Communities during the past ten years, and to that given in the recent Debates in Parliament including the White Paper on the general political and economic issues, they had published informative White Papers on the legal and constitutional, agricultural, commercial and industrial aspects of British membership of the European Communities; and that the material they had published was much fuller than that provided at the time of the previous negotiations with the Six in 1961-63. The agreed basis on which the paper has been drafted is that it should be purely factual and should not discuss the implications of entry. It is possible that a White Paper on the lines of the draft may attract some criticism on two counts; first, while it is reasonably comprehensive, there are a few issues of interest to industrialists which are not covered in the White Paper, for example, direct investment in the Community. Second, that because it does not discuss the implications of entry, it gives little indication to the businessman of the likely effects of membership on his own particular industry. Officials consider that there are satisfactory answers to any such criticisms. As regards the first, the White Paper is concerned with arrangements for trade and industry, not with financial questions; and it would be difficult to give an adequate account of Community and United Kingdom policies on investment and capital movements without risk of prejudice to our negotiating position. Second, since it is not possible to go very far in discussing the implications of entry without knowing or assuming the
conditions of entry, any assessment of the impact of United Kingdom membership on individual industries is most uncertain, and public assessment of it (which over so wide a field would be of inordinate length) is best left to the Confederation of British Industry and the other industrial organisations concerned.

3. The Official Committee on the Approach to Europe recommend, therefore, that a White Paper on Trade and Industry, on the lines of the draft attached, should be published and that, when this has been done, it would be right to resist pressures for further White Papers on British membership of the Communities unless and until developments in the negotiations with the European Communities now in prospect so require.

(Signed) W. A. NIELD

Cabinet Office, S. W. 1.

Further Information on the European Communities

Unofficial English translations of the two Treaties of Rome and of the Treaty of Paris, prepared by the Foreign Office, are available from Her Majesty's Stationery Office. The current version of the Treaty of Paris, establishing the European Coal and Steel Community, was published in 1965. Revised translations of the two Treaties of Rome, establishing the European Economic Community and the European Atomic Energy Community, were published earlier this year. These translations replace earlier versions of the three Treaties published by HMSO in 1962. HMSO also has catalogues of Community publications, many of which are available. Some of the more important are published in English but, in general, items not published in English are stocked by HMSO in the French language versions.

The most important source of information on the Communities' activities is the Official Journal (Journal Officiel) of the European Communities. This is not published in English, but the French version is available from HMSO. It is here that the official texts of all regulations, decisions, agreements and other legislative instruments governing the operations and activities of the Communities are first published authoritatively. There are about 200 issues a year and the annual subscription is £5.

Unofficial English translations of European Economic Community and European Atomic Energy Community regulations, prepared by the Foreign Office from the official texts published in the Journal Officiel, are published by HMSO. Full details of titles available can be obtained from HMSO in Sectional List No. 68. Prices vary from 3d. to 6/- per copy. Unofficial translations of some regulations and of other official announcements from the Journal Officiel are also published from time to time in the Board of Trade Journal.

A brief description of EEC publications available is to be found in "Commerce, Industry and HMSO" (free from HMSO).

Information about the activities of the European Communities is also available from the European Community Information Service at 23 Chesham Street, London, S.W.I.
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INTRODUCTION

1. The purpose of this White Paper is to describe in outline arrangements in the three European Communities which directly affect trade and industry, comparing them where appropriate with arrangements in the same fields in the United Kingdom. This comparison is not intended to carry any implications for the position which the United Kingdom might take up in negotiations for membership.

2. The three European Communities are:
   (1) the European Economic Community (EEC), established by the Treaty of Rome, which came into force on 1st January 1958;
   (2) the European Atomic Energy Community (EURATOM), established by the second Treaty of Rome, which also came into force on 1st January 1958;
   (3) the European Coal and Steel Community (ECSC), established by the Treaty of Paris, which came into force on 25th July 1952.

   The present member states of each of the three Communities are Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands. Under a Treaty signed in April 1965 and likely soon to enter into force the Executives of the three Communities are to be amalgamated into a single new body to be known as the Commission of the European Communities.

3. Chapters 1-13 of this White Paper are concerned with the European Economic Community and the provisions of the Treaty of Rome. Chapters 14 and 15 refer respectively to the European Coal and Steel Community and the European Atomic Energy Community.

4. The White Paper on the Legal and Constitutional Implications of United Kingdom Membership of the European Communities, Cmd. 3301 of May 1967, contains a description of the structure and powers of the various institutions of the Communities which is part of the relevant background to the present paper. The arrangements of the European Economic Community for agriculture have been described in Cmd 3274 of May 1967.
1. Basic Principles (Articles 1-8)

1. The task of the Community, as described in Article 2 of the Treaty of Rome, is to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living and closer relations between the member states. This task is to be achieved "by establishing a Common Market and progressively approximating the economic policies of member states". The Treaty provides for the steps needed to establish a Common Market in which there is free movement of goods, persons, services and capital. It contains rules to ensure fair competition; makes provision for harmonisation of laws in so far as this is needed for the orderly functioning of the Common Market; and provides for the evolution of common policies for agriculture, transport, foreign trade, regional development and economic and social matters. It may therefore be said to aim at the gradual achievement of economic union on the basis of the Common Market.

2. The Treaty requires that the Common Market shall be brought into existence over a transitional period of twelve years (1st January 1958 to 31st December 1969) which is divided into three stages each of four years. During the transitional period, the Customs Union and the various common policies are to be developed in parallel. The Community is now in the final stage of the transitional period. The Customs Union will have been completed by 1st July 1968; the common agricultural policy will have established a single market for most important agricultural products by the same date; but some major questions, such as fiscal, social and transport policies, still await decisions.

3. In many if its provisions the Treaty gives only an outline of the policies to be pursued, leaving detailed implementation to the Council of Ministers and the Commission through regulations, directives, decisions and recommendations.

The Customs Union and Free Movement of Goods (Articles 9-37 and 226)

4. The Treaty requires that during the transitional period tariffs and import restrictions on trade between member states should be reduced progressively, and that national external tariffs should be aligned in stages with a common external tariff (CET). Revenue duties, which are applied to raise revenue and not to protect domestic production
and are therefore charged at the same rate on domestic products and imports, are permitted to continue. The process of tariff reduction will end with the completion of the Customs Union on 1st July 1968. There will then be no tariffs or quota restrictions on trade between member states. Imports from third countries which have no association agreement with the Community will be subject to the common external tariff (which replaces national external tariffs) but will be entitled to free movement within the Community except in so far as restrictive action is authorised under Article 115 (see paragraph 9).

5. During the transitional period the Commission can authorise member states to take protective measures in derogation of the Treaty rules where serious difficulties affect a particular sector of the economy (Article 226).

6. During and after the transitional period, under certain circumstances, the Council or the Commission can authorise under Article 25 of the Treaty of Rome tariff quotas for particular member states - i.e. the right to import specified quantities of a product at a rate lower than prescribed in the common external tariff. Such quotas are reviewed periodically. In 1966, less than 3 per cent of Community imports entered under these arrangements. The following are examples of tariff quotas which were first granted some years ago and which are still authorised -

(i) Germany and the Benelux countries have been granted tariff quotas at 5 per cent for aluminium, on which the common external tariff is 9 per cent.

(ii) Germany, Belgium and the Netherlands have been allowed quotas for the duty-free import of raw lead, on which the common external tariff is 1.32 units of account (equivalent to United States dollars) per 100 kilograms.

(iii) France and Germany have been granted quotas for the duty-free import of newsprint, on which the common external tariff is 7 per cent.

All these quotas are for specific quantities and are subject to annual review.
The Common Commercial Policy

7. The Treaty of Rome requires the establishment of a Common Commercial Policy for trade with third countries and prescribes that after the expiry of the transitional period the Policy "shall be based on uniformly established principles, particularly in regard to tariff amendments, to the conclusion of tariff and trade agreements, to the establishing of uniform practice as regards measures of liberalisation, to export policy and to commercial protective measures" (Article 113). During the transitional period member states are "to co-ordinate their commercial relations with third countries" (Article 111).

8. From the outset the Commission has conducted tariff negotiations on behalf of the Community, e.g., in the Dillon and Kennedy Rounds. As a result of the implementation of the Common Agricultural Policy many aspects of trade in agricultural products are Community matters. Commercial relations with certain countries are governed by association and trade agreements negotiated by the Commission on behalf of the Community (see paragraphs 10 to 15 below).

9. So far, however, the Council of Ministers has made no decision on proposals by the Commission covering some of the major aspects of commercial policy. These include proposals for the gradual unification of measures aimed at liberalising trade; for import quotas to cover the Community as a whole; for common protection against dumping; for harmonisation of export aids in trade with third countries; and for trade with state trading countries. Meanwhile, member states are not prohibited by the Treaty from imposing quantitative restrictions on trade with non-member countries, subject to their obligations as members of the General Agreement on Tariffs and Trade (GATT), and from concluding bilateral agreements with them; and in practice they maintain their own agreements with, for instance, the Soviet bloc countries and with Japan. Under Article 115 member states may be authorised to refuse entry to goods on which they retain restrictions when these are re-exported to them by other member states.

Agreements with non-member states

10. Articles 131-136 of the Treaty of Rome made provision to associate a number of non-European countries and territories have special relations with Belgium, France, Italy and the Netherlands. Under the Yaoundé Convention between the Community and 18 African states free trade is to be progressively established between the EEC and each of the African states. Aid is made available and there are rules for establishment, payments and movement of capital. The Convention expires on 31st May 1969; under one of its articles, the contracting parties will start to examine one year before that date the arrangements which might be envisaged for a further period.
11. Certain of the provisions of the Treaty of Rome applied to Algeria, including entry to the Community for Algerian goods on preferential terms. Certain countries - Morocco, Tunisia, Libya, Surinam, the Netherlands Antilles and a few other territories - have benefited from the so-called "Morocco Protocol", which allowed France, Benelux and Italy to continue their previous customs treatment of imports from the country concerned. Goods imported under this Protocol are not, however, entitled to free circulation elsewhere in the Community. Under Declarations of Intention attached to the Treaty, most of these arrangements were to be superseded by association agreements which would govern the relationships between each of the countries and territories mentioned above and the Community as a whole. The Declaration relating to Surinam and the Netherlands Antilles has already been implemented. There have been discussions with Morocco, Tunisia and Algeria about association agreements but these have not yet been concluded.

12. Under Article 238 of the Treaty which provides for association agreements with third countries there are agreements between the Community and Greece and Turkey which provide progressively for free trade. Ultimately both countries can apply under the agreements for membership of the Community as European countries. In 1966 the Community concluded an association agreement with Nigeria (yet to be ratified) which provided for preferential entry to Community markets for all Nigerian products. Four tropical products - peanut and palm oils, cocoa beans and plywood - are covered by duty-free quotas. In return Nigeria gives preferential tariff treatment to a limited range of imports from the Community. This agreement, like the Yaounde Convention, is due to be renegotiated by 31st May 1969.

13. Under Article 238 the Community has concluded trade agreements with Israel and Iran under which the Community has made temporary tariff reductions on a non-discriminatory (i.e. most favoured nation) basis for the benefit of these countries. Under an agreement with the Lebanon, the Community and the Lebanon grant each other most favoured nation treatment and the Community undertakes to increase its technical assistance to the Lebanon.

14. A Protocol attached to the Treaty allows imports from the Soviet Zone of Germany to be admitted duty free into the Federal Republic of Germany. Re-exports of these goods to other member states are subject to their national external tariffs.

15. Discussions on association agreements under Article 238 of the Treaty are in progress between the Community and Austria, Spain, Israel, Kenya, Tanzania and Uganda.
16. The common external tariff (CET) of the European Economic Community is in general a single tier tariff under which the same Customs duties are charged on imports of each item from all sources; although duties on imports from countries which have association arrangements with the Community are being reduced and will eventually be eliminated.

17. The United Kingdom tariff is a three tier tariff. Imports from most countries pay the full or "most favoured nation" rates of duty. Separate and reduced rates or no tariff at all are, however, applied to imports from the Commonwealth Preference Area, which includes South Africa, the Republic of Ireland and Burma as well as Commonwealth countries; and to industrial imports from the member countries of the European Free Trade Association (EFTA). These latter two groups of imports, which together account for a little less than half our total imports, enter the United Kingdom in most cases free of duty. The main exceptions to duty-free entry from the Commonwealth are motor cars, clocks and watches and goods containing silk and man-made fibres. Revenue duties are charged on tobacco, wines and spirits, hydrocarbon oil, matches and mechanical lighters; but with only minor exceptions the rate of revenue duty on Commonwealth imports is the same as the excise duties on comparable British goods. Those commodities which benefit from Commonwealth preference enjoy an average tariff advantage of about 12 per cent, when spread over all imports from the Commonwealth the average margin of preference is about 7 per cent. Many Commonwealth countries, as well as the Irish Republic, South Africa and South West Africa, grant preferences to the United Kingdom. It has been estimated that slightly more than half of the United Kingdom's exports to the preference area enjoy some margin of preference; and that the average margin of preference on all British exports to the area is about 7 per cent. Nearly all our industrial exports enter EFTA countries free of duties.

18. If the United Kingdom entered the Community, the CET and, in the case of certain agricultural products, variable levies would be applied to imports from all countries which were not members of the Community or which did not have association agreements with the Community, except where special arrangements had been negotiated. EFTA and Commonwealth countries and the Republic of Ireland would be among the countries affected if they did not join or make association agreements with the Community.

19. The general pattern of duties in the CET and in the United Kingdom tariff is broadly similar. Zero or low duties are charged on raw materials, and higher duties on semi-manufactures and manufactures. The average of the CET is rather lower than that of the United Kingdom most favoured nation tariff, and it contains fewer very high rates of duty. The present
differences between the two tariffs will, however, be narrowed considerably as a consequence of the recently concluded Kennedy Round of tariff negotiations. Although the precise effect will vary from product to product, the Kennedy Round will lead to an average reduction in duties of 35 per cent to 40 per cent in both the United Kingdom most favoured nation tariff and in the CET, to be implemented in stages over a period of about four years. At the time at which this White Paper went to press the final details of the tariff changes resulting from the Kennedy Round had still to be worked out. The rates quoted in paragraphs 21 and 22 are therefore those ruling at present: schedules will be published in due course showing the revised rates agreed in the Kennedy Round negotiations.

20. The adoption of the CET in place of our own tariff would have different implications for different industries in this country and for different overseas suppliers. Most foodstuffs are covered by the provisions of the common agricultural policy which have been described in the White Paper on Agriculture and the Common Market (Cmd 3274), rather than by the CET. Manufactured goods would become subject to the CET at the reduced rates resulting from the Kennedy Round of tariff negotiations. The temperate commodities (with their main Commonwealth suppliers) which would be affected either by the CET or by levy provisions under the common agricultural policy include cereals (Australia and Canada), butter (New Zealand and Australia), cheese (New Zealand, Australia and Canada), beef (Australia and New Zealand) mutton and lamb (New Zealand and Australia) fruit (Australia, New Zealand and Canada), and sugar (we import cane sugar from a number of Commonwealth countries and dependent territories). Imports of certain tropical commodities would also be governed by the application of the CET or, in the event of the Commonwealth supplier becoming associated with the Community, by the Community arrangements for the commodity concerned.

21. As already pointed out, the duties on most raw materials are zero in both the CET and the United Kingdom tariff, and there would thus be no change in the tariff position for our imports of such commodities. This would be the case for raw wool and cotton, most metallic ores, unwrought copper and tin, natural rubber, crude oil and most unprocessed hides and skins, many of which are important Commonwealth exports. A few materials of major importance such as aluminium, lead, zinc and newsprint are dutiable in the CET (currently at rates between 5 per cent and 9 per cent) but are subject to zero or very low duties in the United Kingdom; and a few are dutiable here but not in the CET. The bulk of the latter category are, however, materials of which most of our imports enter duty-free from the Commonwealth Preference Area. Examples are asbestos and coir fibre.
22. Among semi-manufactures and finished manufactures, duties on textiles of natural fibres are broadly similar in both tariffs. For example, the most favoured nation duty on cotton yarn is now 7½ per cent in the United Kingdom tariff and 8 per cent in the CET. The corresponding rates for natural cotton fabrics are 17½ per cent and 14 per cent to 16 per cent. However, this is a sector in which the absence of duties on Commonwealth imports into the United Kingdom is particularly significant. United Kingdom duties on textiles containing man-made fibres whether from Commonwealth or other sources are generally higher, particularly for yarns. The comparative tariff position on primary iron and steel products is described in the chapter on the European Coal and Steel Community (paragraph 24). For machinery United Kingdom duties are on average rather higher than those in the CET. Duties on motor vehicles are similar in both tariffs, for example on passenger cars 25½ per cent in the United Kingdom and 22 per cent in the CET: but on engines for motor vehicles the United Kingdom duty is substantially higher at 24 per cent than the 14 per cent in the CET. Among chemicals, the United Kingdom duties on plastics are generally low, but for most other chemical products substantially higher than those in the CET. This is, however, a sector in which the relationship of the two tariffs may be more substantially altered than elsewhere as a result of the completion of the Kennedy Round negotiations. Duties in the United Kingdom tariff are substantially higher than those of the CET for clocks and watches, optical and photographic equipment, musical instruments and many kinds of precision instruments. For these the United Kingdom duties are now mostly in the range 25 per cent to 50 per cent while the corresponding CET duties are between 10 per cent and 20 per cent.
United Kingdom exports

23. The pattern of United Kingdom exports in 1958 and 1966 is shown in Tables 1 and 3. Since 1958 there has been little change in the value of United Kingdom exports supplied to the Commonwealth and as a consequence the share of our exports taken by the Commonwealth has fallen from 38 per cent to 26 per cent. Exports both to the EEC and to EFTA have increased substantially and these markets are now of much greater importance in the United Kingdom pattern of trade than in 1958. In 1958 14 per cent of our exports went to the EEC and 11 per cent to EFTA: the corresponding figures for 1966 are 19 per cent and 15 per cent. Most of the increase in exports to the EEC and EFTA has been in the manufactured goods category (which accounts for over five-sixths of United Kingdom exports): but there has also been strong growth in our exports of food, beverages and tobacco to these markets.

Imports

24. The pattern of United Kingdom imports in 1958 and 1966 is shown in Tables 2 and 4. The proportion of total United Kingdom imports supplied by the Commonwealth fell from 35 per cent in 1958 to 28 per cent in 1966; while the proportions supplied by the EEC and EFTA rose respectively from 14 per cent and 11 per cent in 1958 to 18 per cent and 15 per cent in 1966. To some extent these changes reflect the growing importance of manufactured goods in the commodity pattern of our imports.

EEC trade

25. The pattern of EEC external trade is shown at Table 5. The development of trade within the EEC resulting from the dismantling of tariffs has not prevented a rapid rise in trade with countries outside the Community. Exports from member countries to third countries increased by 85 per cent between 1958 and 1966; imports rose slightly faster, by over 90 per cent. Imports of manufactured goods increased particularly quickly, and made up 38 per cent of all imports in 1966 compared with only 28 per cent in 1958. Imports from the United Kingdom increased proportionately faster than total imports from outside the Community, and the United Kingdom share of these total imports rose from 7 to 9 per cent.
Balance of visible trade

26. The estimates of the balance of visible trade between the United Kingdom and the EEC shown in Table 6 are derived from United Kingdom trade statistics. In 1958, trade between the United Kingdom and the EEC was approximately in balance. From 1958 to 1963, exports in general grew faster than imports, and there was, except in 1960, an annual increase in the visible balance of trade in favour of the United Kingdom which reached £200 million in 1963. Since then, however, this favourable balance has steadily declined and in 1966 amounted to £23 million. Exports rose more slowly during 1964 and 1965, partly owing to deflationary measures in Italy and slower growth in France, but improved again in 1966. Imports, on the other hand, rose rapidly in 1964, and, after a check in 1965, resumed a faster rate of growth in 1966.
Provisions of the Treaty of Rome

77. Article 48 of the Treaty of Rome provides for the free movement of labour to be secured by the end of the transitional period, i.e., not later than 1970, subject to limitations justified by reasons of law and order, public safety and public health. Workers will have the right to accept offers of employment actually made. They will have freedom of movement and residence for this purpose, and a conditional right to remain in the territory of a member state after having been employed in that territory. All discrimination based on nationality which affects employment, remuneration and other working conditions is to be abolished. The Article does not apply to employment in public administration.

Progress made by the Community towards free movement of labour

28. The Treaty does not lay down any timetable other than the terminal date of 1970 for the achievement of freedom of movement of labour. The approach is being made stage by stage, and takes into account the experience of member states in operating the Regulations made by the Council under Article 49 of the Treaty. At first the member states were permitted under these Regulations to give priority to their own nationals in filling vacancies. This general safeguard was abolished in 1964: but member states are permitted, under Regulation 58-64, which is currently in force, to give priority to their own nationals for a period of two weeks only in any occupation or region where there is a considerable labour surplus. In practice, most member states have ceased to use this safeguard because they have not found it to be necessary. Workers from any member state are given priority in the filling of vacancies over those coming from countries outside the Community. But the Community as a whole has been short of labour, and despite the priority given to EEC nationals member countries have found it necessary to bring in substantial numbers of workers from outside the Community in order to meet their labour requirements.

Social Security for migrant workers

29. Article 51 of the Treaty of Rome requires the Council to adopt social security measures necessary to ensure the free movement of labour, in particular by introducing a system which will ensure to migrant workers and their dependants that:

(a) all qualifying periods of insurance, etc., under the domestic legislation of the member countries shall be added together for benefit purposes;

and
(b) benefits shall be paid to persons resident in the territories of member states.

The above requirements have in fact been implemented in EEC Regulations 3 and 4, on the social security of migrant workers.

Entry of foreign workers into the United Kingdom for paid employment: present practice

30. Article 4(1)(b) of the Aliens Order 1953 requires a foreign national who wishes to enter the United Kingdom to take up employment to produce to the immigration officer a permit issued by the Ministry of Labour. Each application is treated on its merits: but in any case issue is subject to a minimum age limit of 18 years, an upper age limit of 54 is usually applied, and there are three general conditions:

(a) the proposed employment of a foreign national is reasonable and necessary in the circumstances;
(b) the employer has made adequate efforts to find suitable labour from among British subjects, citizens of the Irish Republic and foreign nationals who are regarded as permanent United Kingdom residents;
(c) the wages and other conditions offered are not less favourable than those commonly accorded to British employees for similar work in the same trade and district.

Permit holders may not change their job without permission and their permits are valid for a maximum of one year in the first instance, although they can be extended. After four years in approved employment, a foreign worker may be permitted to settle permanently free from restrictions.

31. During the past three years, 1964-66, an average of 24,800 permits a year have been issued to EEC nationals for work in the United Kingdom. This represents 39 per cent of the total of all permits issued to foreigners.
6. **RIGHT OF ESTABLISHMENT AND FREEDOM TO SUPPLY SERVICES**
   (Articles 52-66)

32. In the Treaty of Rome (as in commercial treaties in general) the term "establishment" covers not only the setting up and management of independent companies, subsidiaries etc., but also engagement in particular activities both by individuals and by companies. (These are "non-wage earning activities". "Wage-earning" activities are covered by the provisions for the free movement of labour examined in chapter 5.) Activities undertaken in the course of a temporary visit or through correspondence (e.g., the provision of professional or technical advice), and which do not entail the setting up of a permanent establishment, are covered by the term "services". The Treaty provides for the progressive abolition during the transitional period (under directives which are to be issued by the Council) of restrictions against nationals of one member state (including companies) who wish to engage in non-wage earning activities or to supply services in another member state. These obligations do not apply in the field of public administration.

33. Directives are to be issued on mutual recognition of diplomas, certificates and other evidence of qualification.

34. Companies formed in accordance with the law of a member state and having their registered office or principal place of business within the Community are to be treated in the same way as individual nationals of member states.

35. In 1961, in implementation of the Treaty provisions, the EEC Council of Ministers approved a general definition of the restrictions which are to be removed and a timetable for the issue of directives on the removal of restrictions on specific activities. The issue of directives has fallen far behind the timetable and so far only seventeen have been issued. Among them are directives which deal with rights of establishment or supply of services in specified activities such as farming, mining, manufacturing and crafts industries, the production and distribution of electricity, gas and water, the film industry, reinsurance, wholesale trade and real estate dealings and business services. A particularly difficult area in which much remains to be done is the implementation of the necessary measures to secure mutual recognition of diplomas and professional qualifications.

**United Kingdom practice**

36. United Kingdom legislation and practice on establishment and services is generally liberal, and only in a few limited fields are foreign nationals not accorded equality of treatment with United Kingdom nationals. As in the EEC, however, there are problems over the recognition of professional qualifications gained outside the United Kingdom.

CONFIDENTIAL
7. COMPANY AND PATENT LAW

COMPANY LAW

37. Apart from the provisions on establishment discussed in the previous chapter of this paper, action affecting company law might be taken under other provisions of the Treaty, notably Article 100, which authorises the issue of directives for harmonising the legislative or administrative arrangements of member states affecting the operation of the Common Market, and Article 220, which requires conventions to be negotiated between member states so far as is necessary to ensure the mutual recognition of companies, the maintenance of their legal personality when registered offices are transferred from one country to another, and the possibility of mergers across frontiers. A number of conventions under Article 220 have been prepared but none has yet entered into effect.

38. The Community have studied various schemes for making it possible to remove the legal and fiscal obstacles to mergers of companies in different member states and to the operations of companies across the frontiers of member states. One of the schemes under consideration is a convention to provide for a European company incorporated under European law. This type of company would exist side by side with companies formed under national law.

39. The various Community studies which are in progress have not prevented member states from revising their own domestic company legislation.

PATENTS AND TRADEMARKS

40. Patents, trademarks and industrial designs are to be covered by conventions the forms of which are yet to be decided.

41. For some years the Community have been considering proposals for a convention for a European patent. Her Majesty's Government has already expressed an interest in subscribing to a Convention on the lines proposed.

*A translation was made by the Board of Trade and published in November 1962 by HM. Stationery Office (SO Code No. 51-367).*
Transport policy in the EEC

42. The EEC is required by the Treaty of Rome to adopt a common transport policy. Not much formal progress has yet been made in establishing such a policy and it is more appropriate at present to speak of trends and probabilities than of legal instruments and decisions. Nevertheless, the attitudes of the Six governments have drawn closer on important issues which determine the nature of transport policy. In June, 1965, the Council of Ministers adopted outline arrangements for the organisation of the transport market. Details and priorities have since been revised, but that outline remains the agreed basis of discussion; subject to changes in detail and timing, the common transport policy is evolving accordingly. The final aim is a Community-wide transport market in which there will be regulated competition between transport undertakings and between forms of inland surface transport — rail, road and (where it operates) inland navigation. National policies and control systems are to be progressively aligned so that, in both national and international transport, competition in those sectors of the transport market which are most important economically will be regulated on uniform principles throughout the Community. Under Article 84 of the Treaty it is open to the Council of Ministers, acting unanimously, to draw up common policies for sea and air transport. The Council have not yet exercised these powers.

Transport policy in Great Britain

43. The White Paper on Transport Policy (Cmd. 3057 of July 1966) gave an outline of the Government's policy which is now being worked out in detail in preparation for the introduction of a Transport Bill in the next Session of Parliament. Much of the White Paper is concerned with specifically internal problems — the road programme; urban transport; regional transport planning; re-organisation and modernisation of ports; and economic planning and research, particularly as regards investment criteria. Among the countries of the European Economic Community, these are at present matters which are mainly the concern of national governments, not of the Community as a whole; although there are many similarities between the way transport is developing in Europe and the United Kingdom. There are also some problems common to this country and the Common Market.
(i) The role of railways in the transport system of the present
day, and efforts to bring about technical and financial
conditions which enable them to fulfil it. Most Common
Market countries have railways which are to a greater or
lesser degree in deficit. They are concerned about the
optimum size of the railway network; about the extent
to which railway services should be provided for social
rather than commercial reasons; and about the financial
relationship between the state and the railways.

(ii) The development of a regulatory system for road haulage to
bring about the most economically advantageous balance of
traffic between road and rail.

The official control of freight rates, on which the Common Market
proposals have tended, in the past, to lay considerable stress, but
which has been given less emphasis in the latest proposals, has no
parallel in present British policy. On the other hand, there is
nothing in the EEC proposals comparable to the idea of integrating
road and railway freight services by means of the national freight
organisation, although there is nothing to suggest that such a
reorganisation would be incompatible with a common transport policy.
STATE AIDS

44. Any form of State aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods to an extent which adversely affects trade between member states is deemed to be incompatible with the Common Market (Article 92(1)). All systems of State aids are subject to examination by the Commission in conjunction with member states (Article 93). The State is first asked to comment on its system of aids. If the Commission then decides an aid is incompatible with the Common Market, a prescribed time limit is established within which the aid must be modified or abolished. In exceptional cases, the Council of Ministers may allow, by unanimous vote, aids prohibited under Article 92. The Commission must be informed of new aids, which are then examined under the same procedure; they may not be brought into effect if the Commission finds that they are not compatible with the Common Market (Article 93(3)). The Council may, however, decide by qualified majority that certain types of aid may be exempted from this latter provision (Article 94).

45. However, some types of aid (e.g. social aid to individuals or to remedy a national disaster) are regarded as compatible with the Common Market under Article 92(2); and others may be deemed to be compatible (Article 92(3)). This latter category covers inter alia "aid intended to promote the economic development of regions where the standard of living is abnormally low or where there is serious under-employment", aid for projects of common European interest and aid to promote the development of certain activities or certain economic regions. It also covers such other types of aid as may be specified by the Council by qualified majority vote on a proposal of the Commission.

REGIONAL POLICIES

46. The permissive dispensation covering regional aids illustrates the strong interest of the EEC in the development of regional policies as an essential aspect of the efficient management of economies in transition, an interest now common to all the major industrial countries of the world. The countries of the Six suffer, in differing degrees and for differing reasons, from all the problems of regional imbalance which are experienced in the United Kingdom. These include continuing and increasing mobility of populations with a tendency to congregate in huge urban areas, such as the District of Paris, the industrial areas of West Holland and the industrial triangle of Milan-Turin; problems of increasing rural
depopulation; and the under-development of large areas of countries which have a potential - and have demonstrated this in the past - such as Southern Italy. It is recognised that there is a need to diversify the industrial structure of those areas which are over-dependent on declining industries, and to rebuild the outworn urban environment of some of the older towns and cities, particularly in industrial areas.

Objectives of EEC Regional Policies

47. There is a close similarity between the objectives of policy which have been expressed by EEC Governments, whether singly or together, and United Kingdom objectives. The Six recognise that regional programmes must be co-ordinated and integrated with each country’s general economic programme; that wide divergencies in economic growth between regions adversely affect overall economic balance; and that the absorption of under-employed labour and the reduction of un-economic expenditure in congested regions can contribute substantially to general economic growth. They accept that a high level of employment should be provided for the available labour force, and that economic development should be diversified, so that as far as possible every man and woman in each region of the Community can contribute more effectively to, and participate in, the prosperity of the member countries. The Six are agreed on the need to pay particular attention to those areas where the living standard is lowest, or where there are special difficulties of adaptation to modern circumstances.

Instruments of Policy

48. Strong emphasis is placed in the Community on the need to provide an under-developed or less prosperous region with good “infrastructure” - that is to say with good communications (particularly roads); industrial services - water, energy and telecommunications; houses; education facilities (particularly in more advanced technological methods); and a full range of cultural and social amenities. Member states also provide a very wide range of financial incentives to individual enterprises in such regions.

Direct Inducements

49. These embrace -

(i) Grants and subsidies,

(ii) Availability of credit, and favourable rates of interest,

(iii) Tax reliefs.

Grants towards the cost of machinery and buildings, for the creation or expansion of establishments providing new employment, are provided by all members of the Community except Germany. They range between some 5 per cent to 30 per cent (calculated variously on the costs of land
purchase, plant construction and equipment, or combinations of them). For example, industrialists in Belgium can obtain up to 30 per cent of the total cost of fixed assets in some fifteen development regions. In Italy, 20 per cent of total costs is available in the South; and in France amounts varying between 5 per cent and 20 per cent, depending on whether the business is to be extended in the under-developed South West, or in a new establishment in one of the Northern zones of readaptation (where employment in the coal, iron ore, and textile industries is contracting). In Germany the main incentives to encourage the redeployment of industry in problem areas are loans at reduced rates of interest, interest rebates, and in some parts of the country, state guarantees for necessary finance.

50. The Six countries also provide low-interest loans, and Government guarantees for such loans for plant construction, land purchase and activities such as industrial research. These loans are particularly aimed at medium term periods (10-15 years). The rate of interest can be as low as 1 per cent in times of recession.

51. There is also a wide variety of tax concessions. In France, for example, it is possible in one development area to obtain a depreciation allowance of 25 per cent in the first year on the cost of construction of buildings. In the South of Italy, there is a broad band of exemption—from a ten year holiday from profits tax to a 50 per cent reduction of transportation rates for materials necessary for new or converted industry.

52. Building and planning controls are not so extensive as in the United Kingdom, but a system similar to the British industrial development certificate and office development permit control is exercised in France.

53. Altogether, the attitude to regional development inside the Community shows a lively awareness of the importance of the subject, characterised by the consideration and introduction of new methods, by increasing collaboration in this sphere between individual member Governments and the Commission and a general widespread interest in regional development on the part of public opinion and the institutions in the Community.
Regional Problems and Policy Objectives in the United Kingdom

5. The United Kingdom has had a long experience in dealing with regional problems, beginning with those of heavy unemployment in the pre-war years. The principal problems today are to ensure a contribution to further economic growth by more balanced economic development; to provide effective physical planning so as to make the best use of public investment; and to make plans for the population growth likely between now and the end of the century. There is on the one hand the need to make use of reserves of manpower in some regions and to introduce a greater variety of manufacture into the older industrial areas. On the other, there is the need to counteract the inflationary effects of excessive regional concentrations, and thus to facilitate the even management of the national economy. In physical planning terms there is a need to develop new towns and cities, rebuild outworn urban environments, plan for modern communications, social and industrial services; and to protect the amenities and beauty of the countryside. All this we share in common with Community countries.

55. The instruments of policy which the Government have adopted can be grouped as follows —

(a) Control of Development: These consist of —

(i) industrial development certificates (i.d.c.'s) which are needed to support applications for planning permission for industrial building above a minimum size. In the case of office building in the Midlands and the South East, office development permits are required;

(ii) building licences which are necessary for non-industrial building outside development areas costing £50,000 or more.

(b) Direct inducements: These include building grants; the provision of advance or bespoke factory buildings for sale or for renting; regionally differentiated investment grants; resettlement grants for industry or labour; retraining grants for labour; and loans, which the Board of Trade can make to industrialists for the purchase or building of premises, for the purchase of plant, machinery and equipment, and for working capital.

The Government of Northern Ireland also makes special arrangements of its own.
56. It is clear that the problems, policy objectives, and instruments of government policy in the United Kingdom and in the Six, are broadly similar, although the emphasis in particular countries may be different. The science of harmonious regional development and planning, which seeks to bring together the requirements of employment, housing in an urban environment, and good communications, is still new, experimental and subject to change. It is a field in which European countries already have considerable experience in exchanging views.

RESTRICTIVE TRADE PRACTICES AND MONOPOLIES (Articles 85-90)

The policies of the Community

57. Article 85 of the Treaty of Rome prohibits agreements and concerted practices between undertakings which are liable to affect trade between member states and which have the object or effect of preventing, restricting or distorting competition within the Common Market. Agreements or practices which benefit production or distribution or promote progress may, however, be exempted from this prohibition if they fulfil certain conditions. The Treaty also prohibits, in so far as the trade between member states may be affected, abuses of a dominant position by one or more undertakings (Article 86).

58. Under a Council regulation, firms are required to register restrictive agreements with the Commission, who have power to grant permission for those to continue which are consistent with the exemptions in the Treaty. Firms may also approach the Commission for clearance that certain practices do not fall within the prohibitions in Articles 85 and 86.

59. If the Commission, acting either at the request of a member state or of persons concerned or ex officio, finds that there is an infringement, it can address to the enterprises concerned recommendations designed to put an end to the infringement and if necessary can take a "decision" obliging them to terminate the infringement. The Commission has power to demand information and carry out investigations.
60. The Commission's present policy is to select for decision a limited number of test cases from among the many thousands of registered agreements. Decisions are subject to review by the Court of Justice to whom a few cases have been referred. Thus the Community is in the early stages of developing a corpus of case law.

**United Kingdom practice**

61. Under United Kingdom law, restrictive agreements in the home market must be registered with the Registrar of Restrictive Trading Agreements. They are then brought before the Restrictive Practices Court, and must be discontinued unless the parties concerned show that they are consistent with the public interest under certain strict criteria laid down in the Restrictive Trade Practices Act of 1956. The Government intends to introduce amending legislation which will provide an administrative procedure for exempting from registration certain types of agreement. There is therefore some similarity with the EEC approach; in both cases agreements must be notified to the authorities, and must be justified as beneficial under certain special criteria.

62. The United Kingdom has separate provisions for resale price maintenance. Under the Resale Prices Act 1964, resale price maintenance is illegal except on classes of goods for which a claim for exemption has been made. The claims for exemption fall to be considered by the Restrictive Practices Court, where a positive case must be made in their favour.

63. Monopolies are dealt with by an administrative procedure, under which the Board of Trade may refer monopolies to the Monopolies Commission. The Commission then investigates and reports, and the Board of Trade have powers to remedy mischiefs which the Commission finds to exist. In a similar way mergers may be referred to the Monopolies Commission, and the Board of Trade can act on the Commission's findings.
10. **FISCAL PROVISIONS**  
(Articles 95-99)

**Indirect Taxation**

64. The Treaty of Rome provides (Article 95) that a member state shall not impose, directly or indirectly, on the products of other member states any internal charges of any kind in excess of those applied directly or indirectly to similar domestic products. Furthermore, a member state must not impose on the products of other member states any internal charges of such a nature as to afford indirect protection to other products. Under Article 96, where products are exported to the territory of a member state any drawback of internal charges shall not exceed the internal charges imposed on them, whether directly or indirectly. Article 99 provides that the Commission shall consider how to further the interests of the Common Market by harmonising the legislation of the various Member States concerning turnover taxes, excise duties and other forms of indirect taxation.

65. Discussions have begun within the Community on harmonising the system for collecting certain revenue duties including those on alcohol, petroleum and tobacco, but no decisions have yet been taken.

66. Progress is more advanced on the harmonisation of turnover taxation and in February 1967, the Community agreed to adopt by 1970 a common system of value added tax. There is so far no agreement, however, about common rates for this tax. The value added tax, which already exists in France, is a turnover tax imposed at each stage at which a sale takes place. Under this system, the seller deducts from the tax chargeable on his sales all the tax he has paid on his purchases. The other member states of the Community operate a so-called "cascade" system of turnover tax under which a tax is levied at a percentage of the sale price on the total value of the goods or services each time a transaction takes place: under this system, there are no deductions for tax previously paid.

67. Under both systems the tax paid is refunded when the goods are exported and a compensating charge is made on imports. The Commission have concluded that it is frequently difficult or impossible to calculate accurately the refunds and charges due on exports and imports where the cascade tax is in operation. The same difficulty does not apply in the case of a value added tax.

68. In the United Kingdom "cascade" turnover taxes do not exist. Purchase tax is levied at one stage only on goods entering into consumption in the home market: it is not levied on exports and is charged on imports. A rebate of certain taxes entering into the cost of production is granted on exports.
11. APPROXIMATION OF LAWS (Articles 100-102)

INDUSTRIAL STANDARDS

EEC Activities

Under the provisions of Articles 100-102 of the Treaty of Rome for the removal of non-tariff barriers to trade, a number of Directives have already been prepared by the EEC Commission with the aim of establishing common technical regulations within the EEC for a wide range of equipment in sectors where standards are laid down in legislation, including motor cars, agricultural tractors, pressure vessels and measuring instruments. Most of these Directives are still under examination and have yet to be adopted by the Council; but once they have been adopted, member countries would adapt their national legislation to the terms of the Directives.

Co-operation between the United Kingdom and the EEC

The United Kingdom already works closely with the EEC countries on the harmonisation of industrial standards. The United Kingdom and the EEC countries are members of the International Standards Organisation (ISO) and its counterpart in the electrical field, the International Electrotechnical Commission (IEC). As these bodies are primarily concerned with formulating voluntary or non-statutory standards, the United Kingdom is represented by the British Standards Institution at meetings of both these organisations. There are two parallel bodies whose aim is to encourage the wider adoption of ISO and IEC recommendations within Western Europe - the European Committee for Standards Co-operation (CEN) and, in the electrical field, the European Committee for Electrotechnical Standards Co-operation (CENELEC). The British Standards Institution again represents the United Kingdom at meetings of these organisations, which unite the national standards bodies of both the EFTA and the EEC countries. National standards bodies of EFTA and EEC countries, together with those of Finland, Yugoslavia, Greece, Spain, Poland, Czechoslovakia and Hungary are also members of the International Commission on Rules for the approval of Electrical Equipment (CEI), which is primarily concerned with domestic electrical equipment. The EEC countries have their own organisation (CENELEC) which is becoming increasingly active in aligning their views of matters under discussion in CENELEC.
71. The various national standards bodies operate on broadly the same basis, although the degree of Government involvement and financial assistance varies. Government interest in standards work has been increasing recently as its importance for international trade has become more widely recognised. The United Kingdom Government has joined the Governments of France and of the Federal Republic of Germany in setting up a Tripartite Committee for Standardisation, on which the three Governments and their national standards bodies are represented. The aim of the Committee is to accelerate work in the European and, ultimately, the world standards bodies through prior agreement between the three countries. The French and German members of this Committee are giving valuable assistance to the United Kingdom to ensure that the metric engineering standards now rapidly being adopted by British industry are in line with best continental practice.

United Kingdom Activities

72. Both at Government level, and through the British Standards Institution, the United Kingdom lends its full support to the development of international standards, voluntary and statutory, and to the harmonisation of our national standards with world or, where these do not exist, European standards. The Government and the BSI, each in the appropriate fora, both play a prominent part in international and European discussions on standardisation. The Government are now actively encouraging the adoption by industry of the metric system and have formed a Standing Joint Committee on Metrication, whose membership is drawn both from the Government and industry. Programmes for the change have been or are being devised for the different sectors of industry, and considerable progress has already been achieved. It is expected that the bulk of industry will have made the change before 1975.
12. SOCIAL POLICY
(Articles 117-128)

SOCIAL SECURITY CONTRIBUTIONS

EC Practice

73. Article 117 lays down that the operation of the Common Market will favour the harmonisation of the social systems of the member states, and Article 118 indicates that one of the functions of the Commission is to promote close collaboration between member states in matters relating to social security.

74. In the EEC countries the social security contributions for the various schemes in force (there are often separate schemes for particular groups of employees, e.g. miners, railway workers, public servants) are usually related in some way to earnings. The benefits payable under the schemes are also related to earnings. The actual contributions and the allocation of these contributions as between employers and employees vary widely between the different countries. Thus, expressed, as a percentage of reckonable earnings (usually up to a prescribed upper limit), Italian contributions total over 51 per cent (employer 45 per cent, employee 6 per cent), French contributions total 38 per cent (employer 32 per cent, employee 6 per cent), Germany 27 per cent (employer 14 per cent, employee 13 per cent), and the Netherlands 29 per cent (employer 14 per cent, employee 15 per cent). These contributions cover industrial injury benefits (which are a charge on employers only), family allowances (with the exception of family allowances in Germany where the position can be compared with the United Kingdom) and medical care, which is provided as an insurance benefit under the sickness insurance schemes of the Six. For some of the schemes there are also Exchequer contributions.

United Kingdom Practice

75. Although in recent years a measure of earnings relation has been introduced in the United Kingdom, the system of social security contributions and benefits is still predominantly flat rate, that is, the contributions and benefits are not, in the main, related to earnings. Expressed as a percentage of average male industrial earnings, the social security contributions paid by employers and male employees in the United Kingdom come to about 11 per cent (employer 5.5 per cent, employee 5.4 per cent). In addition there is a direct Exchequer supplement amounting to approximately 13 per cent of the total social security contributions paid by employers and employees. Employees as well as employers contribute to the cost of industrial injury benefits. Medical care is provided under the National Health Service, which is financed mainly from taxation; only one-seventh of the cost comes from social security contributions. Family allowances are paid for wholly out of taxation.
76. It should be noted that because of wide differences in definition, scope, coverage and method, as well as the difficulty of making allowance for national variations in wage rates, fringe benefits and other indirect labour costs, international comparisons in the field of social security are very difficult to make. It should also be noted that there are in fact considerable differences in the practice of individual member countries of the EEC.

EQUAL PAY AND PAID HOLIDAYS

77. Article 117 of the Treaty records that member states agree on the necessity of promoting improvement in the living and working conditions of workers. Article 118 provides that the Commission shall promote close collaboration between member states in the social field. Article 119 requires member states to ensure and subsequently maintain the application of the principle of equal pay for the same work as between male and female workers. Progress in the Community towards equal pay has been uneven and most member states have not yet reached the stage of full implementation of this article of the Treaty. The United Kingdom Government is fully committed to the principle of equal pay and is currently holding discussions with the Trade Union Congress and the Confederation of British Industry on the Problems of Implementation of this principle. Article 120 of the Treaty provides that member states shall endeavour to maintain the existing equivalence of paid holiday schemes. While this remains the long-term objective, there is at present no proposal to issue any resolutions or recommendations relating to Article 120.
13. ECONOMIC PLANNING (Article 145)

Planning in the Community

78. Community policy and machinery on economic planning derives from Article 145 of the Treaty of Rome which states that the Council of Ministers of the EEC shall -

"ensure that the economic policies of the Member States are co-ordinated."

In April 1964, the Council adopted a proposal submitted by the Commission for the creation of a Committee for medium-term economic policy to lay the foundations of economic planning on a Community basis. A draft programme was published in April, 1966, discussed by the Economic and Social Council and the European Parliament and adopted by the Council of Ministers in February of this year.

79. The programme falls into two parts. The first is an examination of the probable economic development of the Community between 1966 and 1970. It was drawn up by a sub-committee of experts who drew extensively on the national plans and forecasts of member countries (see below). The second analyses the deficiencies of existing policies and makes recommendations for co-ordinating and strengthening them collectively.

80. Action is proposed in respect of most of the central problems of economic policy outside the fiscal and monetary field, though some refer to the latter as well. The chief policy recommendations in the draft programme concern -

Planning and control of public expenditure
Maintenance of productive investment
Industrial rationalisation and reconstruction
Regional development
Science and technology
Prices and income policy
Labour market policy and vocational training

81. The underlying theme is that growth in the Community is dependent on a steady improvement in supply conditions, and that growth in productive potential must keep up with growth in demand. It is recognised that the role of the public sector and social investment is extremely important, and that public expenditure will have to grow faster than output as a whole in the period considered. In acknowledging that economic growth in the Community will in future be increasingly determined by the rate of growth of productive capacity rather than demand, the medium term programme emphasises aspects of economic management that are the common concern of this country as well.
82. The forecasts in the programme will be progressively revised. In adopting it, member Governments accepted the responsibility of following the policy guidelines laid down, but the way in which these themes are implemented is a matter for individual member countries. Country activities in this field will be examined from time to time by the Medium-term Economic Policy Committee. The Committee is not, however, vested with powers to enforce compliance with its recommendations.

National Plans in the Six

33. Co-operation within the framework of the medium term programme is built on the design and experience of national plans, devised in individual countries of the Six in the light of their local circumstances. All the members of the Community except Germany have national plans of various types with a currency of four or five years. It is difficult to generalise about them, since they differ considerably from each other both institutionally and in respect of techniques employed, of the development of particular policies and of the planning of particular industrial sectors. The degree of direct Government intervention in the Six economies varies, although in all cases (outside public services proper) substantial public sectors exist and public corporations play a significant part in the implementation of economic plans in most of the countries of the Six (see footnote).*

* In France, the state controls inter alia coal, gas and electricity, the two major airlines, the aircraft industry, a wide range of financial institutions including the four major banks and part of the oil industry. In Germany, the state has considerable interests in ship building, non-ferrous metals and iron ore. In the Netherlands, among other things, some coal mines and part of the share capital of the airlines and of the chemical and steel industries are publicly owned. In Italy, state ownership and control has spread widely in industry through the operation of the three great public corporations: IRI (industry generally), ENI (petrochemicals, natural gas and oil) and ENIM (mechanical engineering); there have been several major extensions to state ownership in Italy since the Community was formed.
France has been involved in systematic economic long term planning since the end of the war and pioneered the influential concept often called "indicative planning". Her plans contain both sophisticated forecasts and a detailed statement of the Government's policy intentions. Planning is also well established in the Netherlands, where it has been explicitly more concerned with forecasting. Italy and Belgium first began long term planning in the 1960s. The great effort to raise the level of economic activity and the standard of life in Southern Italy plays an important role in the Italian plan.

Planning in the United Kingdom

The present stage of economic planning in Britain began with the creation of the National Economic Development Council and Office in 1961. Although similar in some respects to the French Commissariat du Plan, the National Economic Development Office operates outside the machinery of Government policy making and services the Economic Development Committees for individual industries.

Since 1964, the Government has developed a wide range of institutions to promote effective planning. With the creation of the Department of Economic Affairs and the drawing up of the National Plan, medium term policy formation and medium term forecasting have become much more closely linked. Economic Development Councils have been extended to cover most of the major sectors of the economy. Regional Planning Boards and Councils have been created to strengthen and promote regional policy. Consultation with the Trades Union Congress and the Confederation of British Industry has been greatly extended both formally and informally.

The principal aim of British planning was and is to encourage a higher rate of national economic growth, though much effort is also devoted to the attainment of other economic and social objectives. The National Plan, published in September 1965, was both a forward survey of Britain's economic development for the following five years and a guide to action by Government and industry in this context. The measures taken in July 1966 meant that many of the assumptions and projections in the National Plan were invalidated. Nevertheless, action on the check-list contained in the Plan continues to be vigorously prosecuted. The Government and the National Economic Development Council have reaffirmed their belief in the continued value of planning and the form which the next National Plan should take is under examination by the Ministries concerned and the National Economic Development Council.
14. THE EUROPEAN COAL AND STEEL COMMUNITY (ECSC)

The Coal and Steel Industries of the Community

88. Coal and most iron and steel products are covered by the Treaty of Paris establishing the European Coal and Steel Community (ECSC). The Treaty provides for free trade within the Community, harmonised external tariffs, and a common pricing system and rules of competition. The High Authority, the executive body, may also advise on investment projects, but has no direct powers to promote or, in general, to prevent such projects. The Community is financed by a levy of (at present) 0.25 per cent on production, and can provide funds for such purposes as industrial redevelopment and workers' housing and retraining. The United Kingdom has long standing and close formal links with the Community in the Council of Association with the High Authority.

89. The coal industry of the Community had a total production in 1966 of about 202 million tons, and underground manpower of 359,000. The steel industry produced about 83.8 million tons of crude steel. The French coal industry is nationalised, and there are publicly-owned shareholdings in the main Dutch and Italian steel-producing combines.

90. Producers of coal and steel must fix their prices at selected basing points (usually pithead for coal, and major producing centre for steel). These prices are published and the full cost of transport from basing point to buyer must be charged. The object of these rules is to avoid discrimination. Producers may however, reduce ("align" down) the delivered prices to a buyer when that is necessary to match the price at which a buyer can buy from another supplier working to the same rules, or to match the delivered price of import offers from third countries (except from Eastern Europe). For coal, alignment is permitted only within certain limits related to previous levels of sales in specified areas.

91. With one minor exception no Community country has tariffs on imported coal and imports of third country coal are made at the discretion of member Governments; each member admits limited quantities. For steel the countries of the Community at present all apply the same tariff rates which average 8.55 per cent. The agreement reached in the Kennedy Round is for a common tariff of about 6 per cent ad valorem. There are varying types and degrees of support by member Governments for indigenous coal; agreement has recently been reached for a system of subsidisation of coking coals supplied to the Community's steel industry. For coal and coke supplied by producers to the
steel industry in the same country the cost of the subsidies will be borne by the Government concerned, but for supplies traded between member states the subsidies will be partly financed by the importing countries through the scheme of multilateral compensation.

The United Kingdom Coal and Steel Industries

92. United Kingdom coal production in 1966 was about 175 million tons, and underground manpower 338,000. The steel industry produced about 24.3 million tons of crude steel. The coal industry is, and the major part of the steel industry shortly will be, nationalised. Public ownership is admissible under the Treaty.

93. In the United Kingdom the prices of non-domestic coals are related to pithead prices, but there are no published price lists. The price of domestic coal depends on the zone in which it is delivered. At present, the Iron and Steel Board sets the maximum prices for iron and steel products sold in the United Kingdom market by domestic producers; the pricing policy of the new National Steel Corporation has still to be decided.

94. There is no United Kingdom tariff on coal imports, but imports are prohibited except from the Sterling Area. For steel, imports from the Commonwealth and EFTA are duty free; the tariffs on other imports are generally 10 per cent ad valorem with alternative specific duties effective on some products; at current depressed prices, the incidence of the specific duties averages about 12-15 per cent. The agreement reached in the Kennedy Round will reduce both ad valorem and specific duties by a fifth. The ECSC subsidy for coking coal has no parallel in the United Kingdom.
The Activities of EURATOM

The main objective of the European Atomic Energy Community (EURATOM), as set out in detail in the second Treaty of Rome, is to contribute to the raising of the standard of living of member states and to the development of trade with other countries by creating the conditions necessary for the speedy establishment and growth of nuclear industries. The EURATOM Treaty includes provisions governing the development of research, the dissemination of information, health protection, investments, joint undertakings, the establishment of a supply organisation and of machinery for security, supervision and safeguards as well as a common market in nuclear materials and equipment.

A common external tariff was established a year after the Treaty had come into force, for those nuclear products listed in detail, in the Treaty. For some products, the tariff was based upon the lowest rate of duty in force in the six member countries, and for others the rates were the results of negotiation in the Council of Ministers.

The Community atomic energy programme is carried on side by side with national programmes of its member states, which it does not supersede. Thus alongside national centres such as Karlsruhe in Germany and Petten in North Holland there are EURATOM establishments to which all members contribute and which operate for common benefit. The former Italian centre at Ispra became wholly operated by EURATOM in 1960. They supplement purely national projects which individual members finance and control.

Co-operation between EURATOM and the United Kingdom

An Agreement was signed on 4th February 1959 between EURATOM and the British Government for co-operation in the peaceful uses of atomic energy. The Agreement provides for regular exchanges of information and co-operation in research between the two signatories. A continuing Committee was set up under the Agreement, which usually meets once a year under the joint Chairmanship of the Minister of Technology and the President of the EURATOM Commission. Regular exchanges of scientific information and experience have taken place on operational techniques and the use of experimental equipment for research and testing, on the
technology of heat transfer in two-phase flow, on solid state science and on radiation damage, on materials research, on the economics of heavy-water reactors, on the techniques for forward projection of demand, and on the economics of desalination schemes using nuclear power. At regular meetings between officials from both sides, nuclear power programmes have been reviewed and studies have been initiated on long-term prospects for nuclear energy in the European Community and in the United Kingdom.

**The United Kingdom Atomic Energy Programme**

99. The United Kingdom atomic energy programme is directed to the development of economic forms of nuclear power. The United Kingdom Atomic Energy Authority carry out research and development to the prototype stage. Industrial consortia which are Authority licensees have constructed full size power stations for the Electricity Board. The United Kingdom Atomic Energy Authority has combined with the three industrial consortia to form the British Nuclear Export Executive (BNX) for the purpose of promoting sales of nuclear equipment overseas. The structure of the British nuclear industry is currently under review.

100. The second stage of the United Kingdom nuclear power programme has been started. The advanced gas-cooled reactor (AGR) is now being constructed on a commercial basis. Work is also well advanced on other projects including the steam generating heavy water reactor prototype (SGHW), on a prototype fast reactor (PFH) and on the reactivation of the Capenhurst uranium separation plant (USP). Nuclear power stations in the United Kingdom are owned and operated by the Electricity Boards, and responsibility for the co-ordination of nuclear power in relation to other forms of energy rests with the Minister of Power.
### Table 1: Exports

<table>
<thead>
<tr>
<th></th>
<th>1958 £ million</th>
<th>1966 £ million</th>
<th>Per cent increase 1958-66</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEC</td>
<td>448</td>
<td>956</td>
<td>+ 113</td>
</tr>
<tr>
<td>Continental EFTA (1)</td>
<td>352</td>
<td>740</td>
<td>+ 110</td>
</tr>
<tr>
<td>Commonwealth</td>
<td>1239</td>
<td>1305</td>
<td>+ 5</td>
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<tr>
<td>Other Countries</td>
<td>1210</td>
<td>2041</td>
<td>+ 69</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>3250</td>
<td>5042</td>
<td>+ 55</td>
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(1) Including Finland

### Table 2: Imports

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<th>Per cent increase 1958-66</th>
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<tr>
<td>EEC</td>
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<tr>
<td>Continental EFTA (1)</td>
<td>436</td>
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<td>Commonwealth</td>
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<td>1643</td>
<td>+ 23</td>
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<tr>
<td>Other Countries</td>
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<td>2366</td>
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<td><strong>TOTAL</strong></td>
<td>3834</td>
<td>5954</td>
<td>+ 55</td>
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(1) Including Finland
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<tr>
<th>Area and Commodity</th>
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<th>CONT</th>
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<th>1966</th>
<th>1958</th>
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<tbody>
<tr>
<td>Total</td>
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<td></td>
<td>448</td>
<td>956</td>
<td>352</td>
</tr>
<tr>
<td>Of which</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food, beverages</td>
<td></td>
<td></td>
<td>26</td>
<td>65</td>
<td>9</td>
</tr>
<tr>
<td>Tobacco</td>
<td></td>
<td></td>
<td>(13)</td>
<td>(20)</td>
<td>(5)</td>
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<tr>
<td>Basic materials</td>
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<td>71</td>
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<td>Fuels</td>
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<td></td>
<td>(24)</td>
<td>(26)</td>
<td>(29)</td>
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<tr>
<td>Manufactured</td>
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<td></td>
<td>355</td>
<td>788</td>
<td>263</td>
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<td>goods</td>
<td></td>
<td></td>
<td>(13)</td>
<td>(18)</td>
<td>(10)</td>
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<table>
<thead>
<tr>
<th>Area and Commodity</th>
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<th>CONT</th>
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<th>1966</th>
<th>1958</th>
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<td>Total</td>
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<td>1,108</td>
<td>436</td>
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<td>Of which</td>
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<tr>
<td>Food, beverages</td>
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<td></td>
<td>152</td>
<td>193</td>
<td>131</td>
</tr>
<tr>
<td>Tobacco</td>
<td></td>
<td></td>
<td>(10)</td>
<td>(11)</td>
<td>(9)</td>
</tr>
<tr>
<td>Basic materials</td>
<td></td>
<td></td>
<td>95</td>
<td>189</td>
<td>166</td>
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<tr>
<td>Fuels</td>
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<td></td>
<td>(7)</td>
<td>(11)</td>
<td>(12)</td>
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<tr>
<td>Manufactured</td>
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<td>288</td>
<td>708</td>
<td>136</td>
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<td>goods</td>
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<td></td>
<td>(29)</td>
<td>(29)</td>
<td>(14)</td>
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(i) Including Finland
### Pattern of United Kingdom Exports

<table>
<thead>
<tr>
<th>CONTINENTAL EFTA (1)</th>
<th>Commonwealth</th>
<th>Other countries</th>
<th>TOTAL TRADE</th>
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<tbody>
<tr>
<td>352</td>
<td>740</td>
<td>1,239</td>
<td>1,305</td>
</tr>
<tr>
<td>(11)</td>
<td>(15)</td>
<td>(38)</td>
<td>(26)</td>
</tr>
<tr>
<td>9</td>
<td>23</td>
<td>72</td>
<td>73</td>
</tr>
<tr>
<td>5</td>
<td>(9)</td>
<td>(37)</td>
<td>(22)</td>
</tr>
<tr>
<td>74</td>
<td>97</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>29</td>
<td>(34)</td>
<td>(13)</td>
<td>(10)</td>
</tr>
<tr>
<td>263</td>
<td>593</td>
<td>1,093</td>
<td>1,155</td>
</tr>
<tr>
<td>10</td>
<td>(14)</td>
<td>(40)</td>
<td>(27)</td>
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</table>

### Pattern of United Kingdom Imports

<table>
<thead>
<tr>
<th>CONTINENTAL EFTA (1)</th>
<th>Commonwealth</th>
<th>Other countries</th>
<th>TOTAL TRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>241</td>
<td>1,336</td>
<td>1,543</td>
</tr>
<tr>
<td>(11)</td>
<td>(14)</td>
<td>(35)</td>
<td>(28)</td>
</tr>
<tr>
<td>131</td>
<td>215</td>
<td>644</td>
<td>689</td>
</tr>
<tr>
<td>9</td>
<td>(13)</td>
<td>(43)</td>
<td>(39)</td>
</tr>
<tr>
<td>166</td>
<td>222</td>
<td>428</td>
<td>463</td>
</tr>
<tr>
<td>(12)</td>
<td>(13)</td>
<td>(32)</td>
<td>(27)</td>
</tr>
<tr>
<td>136</td>
<td>397</td>
<td>260</td>
<td>490</td>
</tr>
<tr>
<td>(16)</td>
<td>(27)</td>
<td>(20)</td>
<td>(30)</td>
</tr>
</tbody>
</table>
### External Trade of the EEC (excluding intra-trade)

<table>
<thead>
<tr>
<th>Imports</th>
<th>1958</th>
<th>1966</th>
<th>Per cent increase 1958-66</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£ million</td>
<td>Per cent of total</td>
<td>£ million</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>5,747</td>
<td>100</td>
<td>10,977</td>
</tr>
<tr>
<td>of which</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>420</td>
<td>7</td>
<td>994</td>
</tr>
<tr>
<td>Continental EEC (1)</td>
<td>943</td>
<td>16</td>
<td>1,750</td>
</tr>
<tr>
<td>Rest of world</td>
<td>4,394</td>
<td>76</td>
<td>8,233</td>
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<tr>
<td><strong>Exports</strong></td>
<td>5,667</td>
<td>100</td>
<td>10,504</td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>474</td>
<td>8</td>
<td>908</td>
</tr>
<tr>
<td>Continental EEC (1)</td>
<td>1,366</td>
<td>24</td>
<td>2,830</td>
</tr>
<tr>
<td>Rest of world</td>
<td>3,827</td>
<td>68</td>
<td>6,766</td>
</tr>
<tr>
<td>Food, beverages and tobacco</td>
<td>542</td>
<td>10</td>
<td>806</td>
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<tr>
<td>Basic materials and fuels</td>
<td>527</td>
<td>9</td>
<td>789</td>
</tr>
<tr>
<td>Manufactured goods</td>
<td>4,523</td>
<td>80</td>
<td>8,759</td>
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</table>

(1) Including Finland

CONFIDENTIAL
United Kingdom balance of visible trade with the EEC on a balance of payments basis

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UK Imports</strong></td>
<td>483</td>
<td>511</td>
<td>604</td>
<td>624</td>
<td>651</td>
<td>710</td>
<td>847</td>
<td>889</td>
<td>986</td>
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<tr>
<td><strong>UK Exports</strong></td>
<td>488</td>
<td>546</td>
<td>598</td>
<td>698</td>
<td>809</td>
<td>917</td>
<td>937</td>
<td>949</td>
<td>1,009</td>
</tr>
<tr>
<td><strong>Balance of visible trade</strong></td>
<td>+5</td>
<td>+35</td>
<td>-6</td>
<td>+74</td>
<td>+158</td>
<td>+207</td>
<td>+90</td>
<td>+60</td>
<td>+23</td>
</tr>
</tbody>
</table>

NOTE: A positive balance is favourable to the United Kingdom.
CABINET

THE 'D' NOTICE SYSTEM: DRAFT WHITE PAPER

Note by the Secretary of the Cabinet

By direction of the Prime Minister I circulate the attached copy of a draft White Paper on the 'D' Notice system, together with the confidential final revise of the Report of the Privy Counsellors under the chairmanship of Lord Radcliffe. These documents are for consideration by the Cabinet at their meeting at 9.30 a.m. on Tuesday, 13th June. Since the appendices to the report are voluminous, members of the Cabinet may wish to concentrate upon the Report itself and the draft White Paper. If the Cabinet approve the draft White Paper, it is intended that both documents should be published at 4.00 p.m. on 13th June and that the Prime Minister should make a statement in the House of Commons after Questions.

(Signed) BURKE TREND

Cabinet Office, S.W.1.

12th June, 1967
The "D" Notice System
I. INTRODUCTION

1. In a statement to the House of Commons on 28th February, 1967, the Prime Minister announced the Government’s intention to establish a Committee of three distinguished Privy Counsellors. Their terms of reference were—

“to examine the circumstances surrounding the publication of an article in the Daily Express of 21st February entitled ‘Cable Vetting Sensation’ in relation to the ‘D’ notice system; and to consider what improvements, if any, are required in that system in order to maintain it as a voluntary system based on mutual trust and confidence between the Government and Press in the interests alike of the freedom of the Press and of the security of the State.”

The Report of that Committee (referred to hereafter as the Radcliffe Committee) is published to-day. It touches on issues of such importance that the Government have felt it right to supplement it with this White Paper.

2. The Government wish to make clear that their approach throughout to the Report, the events which led to it, and the more general issues involved, derives solely from their responsibility for national security which they have a clear and overriding duty to safeguard. It was precisely because national security was threatened that, from the outset, the Government regarded the publication of certain information in the Daily Express of 21st February as a matter of the utmost gravity.

3. It is the duty of the Government, in the light of all the advice they have received and the information they possess, to record that the effect on national security of that publication has been to cause damage, potentially grave, the consequences of which cannot even now be fully assessed. It is to examine the circumstances which led to this state of affairs that the Government feel it necessary to present this White Paper. There is a further reason. The “D” notice system was designed to protect national security while at the same time safeguarding the freedom and independence of the Press. Indeed, in a free society it is virtually the only effective way of doing so. The system, as the Committee which reported in 1962 on “Security Procedures in the Public Service” stated and as the Radcliffe Committee has now once again emphasised, is based on mutual trust and confidence. It has been called in question by the present incident and the Government wish to place the Radcliffe Committee’s detailed recommendations in a broad perspective. In addition, this White Paper outlines the steps which will be taken, or are contemplated, to preserve and improve the system.

II. THE REPORT

4. The Government welcome the Report of the Radcliffe Committee and have considered its conclusions and recommendations. They accept its recommendations in regard to the operation of the “D” notice system,
especially as they affect the composition of the Services, Press and Broadcasting Committee and the functions of its Secretary. A study of the evidence given to the Radcliffe Committee has, however, led the Government to reach further conclusions which are also set out in this White Paper. In the light of this, the Government have thought it proper also to publish the evidence taken by the Radcliffe Committee and this is now available together with the Report of the Committee. It has been necessary to withhold some of the evidence, publication of which would have aggravated the damage already done to national security. But all that can be safely published has been published.

5. The Report provides a lucid analysis of the events leading to the publication on Tuesday, 21st February, in the Daily Express of the article “Cable Vetting Sensation”. The Government have carefully examined the narrative of events set out in the Report in order to determine how far what happened was attributable to defects in the official machine or error on the part of the officials concerned. It is unnecessary for this purpose to repeat in full the narrative given in the Report but the Government attach particular importance to the following matters.

The initial approach from the “Daily Express”

6. The difficulties first began when on Thursday, 16th February, Mr. Chapman Pincher approached two Departments, the Ministry of Defence and the Post Office, as well as the Secretary of the Services, Press and Broadcasting Committee. None of the officials who was approached fully appreciated at that time the significance of the limited information on which Mr. Chapman Pincher asked for their comments. The Secretary of the Services, Press and Broadcasting Committee, when he was consulted by Mr. Chapman Pincher, did not, for his part, attach any significance to the story in the form in which it was then put to him. The Ministry of Defence denied that the story had any basis in truth but the spokesman for the Post Office gave Mr. Chapman Pincher the impression that there was some substance in the information then in his possession.

The part played by the Secretary of the Services, Press and Broadcasting Committee

7. There is then the question of the actions, of the Secretary of the Services, Press and Broadcasting Committee. The first, and probably one of the most important of these, was his advice to Mr. Chapman Pincher on Thursday, 16th February, that the “D” notices did not apply to the story in the form in which it had then been put to him. It is clear from Mr. Chapman Pincher’s evidence that he continued throughout to refer to this advice although the Secretary states that the story originally put to him was very different from the story of which he subsequently became aware. Officials were not informed by the Secretary that he had told Mr. Chapman Pincher on Thursday, 16th February, that “D” notices did not apply.

8. The next occasion of importance was the meeting at the Foreign Office on Friday, 17th February, which led to instructions being given to the Secretary about the approaches which he should make to the Daily Express
This meeting, which was called as soon as the matter was brought to the attention of the Foreign Office, comprised representatives of all the Departments concerned. The purpose was to establish the facts of the situation and to consider and concert the line of action to be taken and the comment to be made. It was clear to those representatives that the story related to, and threatened to compromise, a secret activity which fell under the “D” notices of 1956 and 1961. The meeting was, therefore, unanimously of the view that it would be an entirely justifiable and proper course to invoke these “D” notices. They accordingly recommended that the Secretary of the Services, Press and Broadcasting Committee should be asked to do all that he could to get the story suppressed on “D” notice grounds without giving away any gratuitous information about the nature, scope and purpose of the activity in question. The minutes of this meeting record that “...Mr. Chapman Pincher should be left in no doubt that the subject was covered completely by the ‘D’ notice system.” Instructions to this effect were accordingly given to the Secretary which are summarised in paragraph 27 of the Report:

“. . . He was to try to get the story stopped ‘on “D” notice grounds’ by referring to one or both of the two notices, but he was to say as little as possible about the actual operations that were in question and to avoid any enlargement upon the fact that they were intelligence operations. It was hoped that he would be able to satisfy Mr. Pincher by assuring him that the activities fell under ‘D’ notices and involved the ‘defence of the realm’ or ‘national security’.”

As the Report states: “We have no doubt that Colonel Lohan accepted these instructions as conveyed to him on the telephone”.

9. In the event, however, it appears from the evidence that the Secretary based his case less on the “D” notices themselves than was envisaged in his instruction; nor, indeed, from his later description as “wicked” of the briefing given to the Prime Minister that “D” notices applied, does he appear to have accepted his instructions as soundly based. As the Report makes clear, the Secretary did not inform the officials concerned about his doubts.

10. In his discussions at lunch with Mr. Chapman Pincher, the Secretary set aside the “D” notices and used more general arguments against publication of the story. That lunch is described at some length in the Radcliffe Report which also comments in paragraph 31 that “there is a conflict of evidence about some part of the discussion that took place”. The position as it stood at the end of the lunch is of considerable significance. In the Secretary’s words, “We parted in an extremely good mood. He said he would report to his editor quite fairly what I had said. He made a joke as he left, saying ‘You know jolly well if you were the editor you would publish, wouldn’t you?’ I made no comment, except to laugh.” This should have alerted the Secretary to the fact that Mr. Chapman Pincher had little doubt what his editor’s decision ought to be. It was unfortunate, therefore, that the Secretary did not at this stage report to his Chairman not only that he had no clear assurance that publication would not take place but that indeed the indications were that it would. On the contrary, he reported to the Foreign Office that the situation was “under control”. Had he reported differently to officials
or consulted his Chairman sooner, there would have been a much earlier opportunity for an approach to have been made at a much higher level to the editor himself. The result was that until the Daily Express had in fact started to print the story officials were under the impression, on the basis of the Secretary's reports, that the outcome of his request to the Daily Express not to publish was still awaited; that he thought the prospects were favourable; and that in any event, even if there were a decision to publish, he would give them warning in time to allow a further chance to intervene.

11. The Chairman of the Services, Press and Broadcasting Committee was not informed of the matter at all until 7 p.m. on Monday, 20th February. He, like the Foreign Office, was then given the impression by the Secretary that the Daily Express had been receptive to the representations made to them and that, even if this were not so, there would be a further opportunity to make representations to the Daily Express before any question of publication arose. Here, too, it is evident that there was a breakdown since the Chairman should clearly have been given an earlier opportunity to consider what steps should be taken in a matter of such great importance. In fact the Secretary did not inform the Chairman of the Committee that he was going by train to his home in Kent and that he would consequently be out of touch with events during the crucial period between a quarter to eight and about ten past nine.

12. In paragraph 26 of the Report, the Radcliffe Committee expressed the view that the Secretary should have attended the meeting in the Foreign Office on Friday, 17th February, when he might have had an opportunity to explain the difficulties which, as it has subsequently emerged, appeared to him would arise in applying the “D” notices of 1956 and 1961. The Foreign Office were, however, precluded from inviting him to this meeting because the matters to be discussed were of the most secret nature and only those officials who had gone through the appropriate security procedures could properly attend. We comment on this below.

The “Daily Express” role

13. The breach of security which occurred on this occasion was not, however, the result solely or primarily of defects in the official machine or of errors by individual officials. The Daily Express must bear the direct responsibility for what happened and the development of events leaves little doubt that there was a determination to print. Although it was known that matters of national security were involved, no further opportunity was provided for representations to be made. This was, in particular, due to the failure of Mr. Chapman Pincher, despite his undertaking, to let the Secretary know the results of his talk with his editor in time for a further attempt to be made to impress on the Daily Express the gravity of the matter. There were several occasions when, if a more responsible and considered course of action had been taken, the damage to the nation’s security might have been prevented. Particular comment is called for in the case of two important incidents which are dealt with in paragraphs 15 to 18 below.

14. The Daily Mail, which first had the story, decided, as a result of representations made to them, not to print.
The lunch meeting between Colonel Lohan and Mr. Pincher

15. There is some conflict of evidence on what precisely was said at the lunch on 20th February between the Secretary and Mr. Chapman Pincher but the account given by the Radcliffe Committee in paragraph 31 of the Report contains the following passage:

"... The discussion opened with a reference to the cable vetting story and Colonel Lohan produced copies of two 'D' notices from his inside pocket. Mr. Pincher at once insisted that they could not possibly be applied, his main line of argument, it seems, being that the opening of letters and the tapping of telephones had long been accepted as not being secret intelligence methods in this context, and the scrutiny of cables came exactly within the same principle. Colonel Lohan at no time made any explicit admission that he accepted the argument and that the story could be treated as unaffected by 'D' notices, but there is no doubt that after some time, the discussion then being at a deadlock, he put copies of two notices away, with the words 'All right, let us put that aside and argue even more generally on why you should not publish the story'."

16. The Report goes on to say in paragraph 32 that "There was no misunderstanding between the two men that Colonel Lohan was making an urgent appeal on behalf of the Government for the suppression of the story." It was on the basis of this discussion that, as set out in paragraph 38 of the Report, Mr. Chapman Pincher reported to his editor "... that Colonel Lohan had said to him that, while he agreed that there was no 'D' notice on the story, he was under 'very strong pressure to persuade us' not to use the story". It is hard to believe, particularly in view of the account given above by the Radcliffe Committee, that Mr. Chapman Pincher was not aware that official quarters were of the opinion that "D" notices applied. Certainly, his editor, according to his evidence, was not so informed.

Events of the night of 20th February

17. The situation could still have been remedied, however, if Mr. Chapman Pincher had not delayed telling the Secretary of the editorial decision to publish. The position was that at the time of the editorial conference in the Daily Express on Monday evening, those who attended were in the possession of some information which clearly bore on security matters and they knew that the Government were anxious that the information should not be published. They necessarily had a very incomplete knowledge of the facts but it should have been obvious to them that the story related very closely to the nation's security. Nevertheless no further steps were taken to obtain advice on the matter. There then followed the telephone conversation set out in paragraph 40 of the Report.

"After the editorial conference Mr. Pincher telephoned Colonel Lohan. This was about 6.30 p.m. What he said was that he had written his story, taken it to his editor and told him about Colonel Lohan's request to withhold publication. He did not tell Colonel Lohan at this time that the editor had already decided in favour of publication.
If he had done so, the timetable of further official action to get the story suppressed would have been advanced by several very important hours. Mr. Pincher told us that what he said at 6.30 p.m. was 'I cannot be sure we are printing until 8.15 p.m.' and that the reason why he did not say something to the effect that he thought that the Editor was going to print was that, if he did so, Colonel Lohan would be bound to ring up the *Daily Mail* and release their cable-vetting story, while if some news of special importance came into the *Express* office in the course of the next hour or two, they might not be printing their story that night at all. Accordingly he said that he would telephone him again if they did decide to print that night. Mr. Pincher, in our view, was being more cautious at this point than his dealings with Colonel Lohan justified. He could fairly have told him that the Editor was not accepting his request, but have asked him not to take any action with the *Mail* until it was quite certain that the *Express* was going to publish that night. But he did not.

18. This delay in informing the Secretary meant that there was no further opportunity to apprise the *Daily Express* of the true nature of the situation. All the other discussions later that night, which are recorded in the Report, were bound to be frustrated because by that time the Glasgow Edition had gone to print and the breach of security had occurred. If, however, the editorial decision had, in accordance with the undertaking given by Mr. Chapman Pincher to the Secretary, been known in time, further representations could have been made. It would, for example, have been possible before printing began to make it clear to the *Daily Express*, at a much higher level than Mr. Chapman Pincher, that the official view was that the publication would involve a breach of the "D" notices; the Editor, or possibly the proprietor, might then have been left in no doubt that what was involved was of importance to the nation's security. Yet any opportunity for making this clear was denied to the Government since the information about the editorial decision was deliberately and consciously delayed, apparently in the interests of an exclusive story for the *Daily Express*. It was the nation's security that suffered as a consequence.

### III. THE THREE MAIN ISSUES

19. Apart from tracing the sequence of events in detail, the Committee addressed itself to three principal issues which are set out in paragraph 13 of the Report. The Government consider it right that they should state their own position on these issues since they are fundamental to national security and the public interest.

#### The accuracy of the "Daily Express" article

20. The first issue as formulated by the Committee is as follows: "Is this article (i.e., the *Daily Express* article of Tuesday, 21st February) an inaccurate account of the facts with which it purports to deal?" After a full examination of the activities involved, the Committee, while acknowledging that the article contained a number of inaccuracies, concludes that "it was
not inaccurate in any sense that could expose it to hostile criticism on that score.” It would be contrary to the public interest to say in what detailed respects the article was misleading. The Government do not, in any event, take the view that these are decisive in assessing the nature of the article or the impression which it was intended to, and did, convey. The Government adhere to the view that the article was, in the words of the Prime Minister in the House on 21st February, 1967, “... sensationalised and inaccurate.” Any reasonable person reading the article could not fail to gain the impression that cable vetting as described therein was a new and alarming activity involving major and unacceptable invasions of the public’s privacy—or, as the article described it, a “‘Big Brother’ intrusion into privacy, which ranks with telephone tapping and the opening of letters.” Moreover, the article which, as the Report itself points out, had been in the course of preparation since the previous Thursday, contained the misleading and untrue statement that the cable vetting sensation “... was disclosed last night.” This was, no doubt, intended to give current interest to the story but the effect could not be other than to create the sensational impression that the Government were responsible for introducing new and sinister procedures. There were, and are, no such new and sinister procedures. The activities involve no element of prying into the private affairs of the citizen. Such activities are, in fact, carefully controlled and confined and the article was misleading when it inferred that the Government might use them improperly.

21. The article of Tuesday, 21st February, was cautious in referring to the date when the activities in question first began: it states that “... It has not been possible to establish when this routine cable probe was first introduced but I understand that it has been in operation for several years”; but caution disappeared in the article on Wednesday, 22nd February, where it is stated that “... My inquiries show that though sporadic checks of cables have always been permissible under the Official Secrets Acts, the ROUTINE vetting of all cables is more recent.” This is entirely inaccurate. It is sufficient here to quote from the Report itself that “No new practice has been introduced in recent years in the procedure for the interception of telegrams which departs from the practices previously observed.” In this respect, therefore, the second Daily Express article was also misleading.

22. The Government remain of the view, therefore, that the article was inaccurate in matters of fact and misleading in its treatment of the story; it was also intended to convey, and succeeded in conveying, the impression that the Government were responsible for introducing new invasions of privacy or for distorting existing procedures to this end. These imputations are in no way borne out by the facts.

The question of the breach of “D” notices

23. The second issue with which the Radcliffe Committee was concerned was: “Is it (the article in question) a breach of any one or more of the ‘D’ notices?” The Radcliffe Committee acknowledged that the interpretation of the two “D” notices involved, those of 27th April, 1956, and 30th October, 1961, does not admit of a simple answer based on a mere reading of the words of the notices. The Government accept the Radcliffe Committee’s views that the “D” notice system, which is entirely voluntary,
cannot rely on definitive interpretations of the sometimes ambiguous phrases in which “D” notices must occasionally and unavoidably be expressed; and that, in construing them, regard should be paid to the views of those concerned with the actual working of the system. This is clearly right. But the Radcliffe Committee goes on to point out that the Press have in the course of time placed a limited interpretation on the “D” notices in question which inhibits their application to the activities involved. As regards the “D” notice of 27th April, 1956, the Radcliffe Committee points out in paragraph 53 of the Report that:

“Prima facie we should have said that interception of cables in the way that we have described was clearly a form of secret intelligence or counter-intelligence methods and activities in the United Kingdom”—the very phrase used in the notice of April, 1956. It is difficult to see, from a mere reading of the words, how they can fail to be apt for the present purpose...”

The difficulty is, however, the interpretation which, as the Radcliffe Committee states, had come to be placed on this “D” notice by the Press. The passage (paragraph 56) in the Report is as follows—

“The impression that we have formed is that the notice has by now come to be interpreted in this limited sense. It is not an unfair one, taking the wording as it stands. But we are bound to say that, if that is all that it is intended to mean, its purport could have been, and could now be, expressed in much simpler and shorter words. Indeed, we were left by our witnesses in very considerable uncertainty whether, according to this interpretation, there is any such thing today as a secret intelligence method.”

This passage reflects the Radcliffe Committee’s views that this interpretation of the “D” notice rendered it virtually meaningless and it is their conclusion that “some wider restriction” would be justified. While it is accepted that the limited interpretation reflected the view taken by many newspapers, the Press are only one side of “... those concerned with the actual working of the system.” The Government, for their part, cannot accept this construction which, as the Radcliffe Committee acknowledges, would render it meaningless.

24. The Government further take the view that the “D” notice of 30th October, 1961, referring as it does, to “...the various methods used in the interception of foreign communications for secret intelligence purposes” applies to the article in question.

25. The difficulty is that to establish the applicability of these “D” notices beyond doubt, it is necessary to have a full knowledge of the activities involved. It has, however, always been accepted that the “D” notice system is based on voluntary co-operation. As the Committee which in 1962 reported on “Security Procedures in the Public Service” put it:

“The ‘D’ notice system therefore operates by arrangement between the newspapers on the one side and the Government Departments concerned with the protection of defence information on the other. Its success depends upon goodwill and, in effect, upon very little else.”
It has also always been accepted that newspapers cannot be expected to interpret "D" notices without assistance. This must be so since, by the nature of the matter, it is not always possible to disclose the full background to the incident or activities covered by a "D" notice. The present incident is an example of this. The view of all those concerned on the Government side with the actual working of the system and in full knowledge of the activities in question, is that the "D" notices do apply, and always have applied, to the activities now at issue. Thus, when speaking as he did to the House of Commons on 21st February, the Prime Minister was expressing the clear and unanimous conviction of all those who carry responsibility in these matters that the *Daily Express* article in question was a breach of "D" notices. The Government appreciate the reasons, deriving to a considerable extent from the interpretation placed by the Press on the relevant "D" notices, which led the Radcliffe Committee to find in the contrary sense. But having further reviewed the matter in the light of the Report and having taken all the advice available to them, the Government remain of the view that the article was one which fell within the ambit of the "D" notices; and they regard this view as consistent with the Committee's own finding that "some wider restriction" would be justified.

Observance of the "D" notice procedure

26. The third issue to which the Radcliffe Committee gave its attention was: "Is it (the article in question) contrary to anything that can be called the procedure or conventions of the 'D' notice system?" The Government accept that the editorial decision to publish the article was taken with no deliberate intention of evading or defying "D" notice procedure or conventions since the editor, according to his evidence, was not made aware, in time to be of value, of the official view that publication would involve a breach of "D" notices. It is regrettable that this was so. The fact that he was never so informed suggests not so much a defect in the system as a failure on both sides to operate it properly. Moreover, even when it is established in any particular case that "D" notices do not apply, it is still a matter for editorial decision whether there should be publication. No doubt, an editor would in such circumstances take into account whether it is, in his view, right and in the public interest to publish—and since, in matters bearing on national security, he will seldom be in full possession of the facts, he would be wise to take official advice—but it would be no breach of a "D" notice procedure or conventions if he were to decide in these circumstances to publish. This does not, of course, mean that it would necessarily be in the public interest to do so. The reaction of the editor of the *Daily Mail*, as described in paragraph 36 of the Report, is significant in this connection.

IV. IMPROVEMENTS TO THE "D" NOTICE SYSTEM

The "D" notices in the present case

27. It appears from the Report that there are incompatible views on the interpretations of the "D" notices in question. It is of the utmost importance that any ambiguity in these "D" notices, whether it arises
from the drafting of the “D” notices themselves or from any interpretation which may have been placed on them in the course of time, should be removed. In paragraph 57 of the Report, the Committee remarks that:

“It is possible that its (i.e., the ‘D’ notice of April 1956) current operation gives less protection to intelligence methods and activities than the agencies responsible can fairly require. It is not altogether satisfactory to rely on silence only when the story touches ‘particular cases and persons’, because it is often impossible for those behind the scenes to know in time whether the story they print does trench upon this restriction or not. That requires a knowledge of the whole secret operation; and although, if he is alive to the possibility, an editor may be able to obtain assistance from prior consultation with the Secretary, it is too much to expect that in such cases the security services should be ready to pass out information as to what is really going on.”

28. The Government believe that if the “D” notice system is to have any meaning at all, it must afford protection to these activities which have long been a vital and integral part of the nation’s security. Further, the Government attach the utmost importance to the Committee’s view that there cannot, in the nature of things, be full disclosure of the facts of every case to the Press. The nation’s secrets cannot be made public in this way and the very success over the years of the “D” notice system is a tribute to the behaviour of a responsible Press in a free society.

29. Any Government is, however, faced with a basic dilemma. On the one hand, it is impossible to draft all “D” notices in precise and specific terms without revealing far too many of the secrets which the system was designed to protect; “D” notices in precise terms could not, in any case, hope to give comprehensive coverage; and they might well require statutory reinforcement in the long run. This is not a situation which anyone would welcome and the Government would deplore the necessity for any movement towards stricter control. Indeed, for their part, they would much prefer that the voluntary controls which have existed for so many years should be even less restrictive. But, on the other hand, “D” notices of a general nature can only give protection if there is complete trust on both sides. Under the present system, the Press must be prepared to accept official interpretations of the applicability of certain “D” notices to particular cases, subject, of course, to the ultimate responsibility of an editor to take the final decision. The Government, and their predecessors, have throughout recognised that a system based on voluntary self denial makes great demands on the Press. They are, however, convinced that such a system is viable: based on the essential element of mutual trust, it has operated efficiently over a long period of years. The present incident arose mainly out of a series of avoidable misunderstandings and the failure of the Daily Express to inform the Secretary of its final decision to publish until it was too late for any effective further steps to be taken. In accordance with the recommendation of the Committee, therefore, the Services, Press and Broadcasting Committee will now be asked urgently to consider the desirability of rewriting the “D” notice of 27th April, 1956, to clarify its application, bearing in mind the Committee’s view that some wider restriction would be justified.
The “D” notice system in general

30. The Government welcome the conclusion of the Radcliffe Committee that there is not much in the way of alteration that can usefully be recommended for the “D” notice system in general. The successful operation of this system over a period of many years is a remarkable fact. The system achieves two objects, both of which are vital to the health of our society. On the one hand, it protects the rights and privileges of a free Press which, with the potent weapon at its command, must guard the public interest; and on the other, it pays proper regard to national security. It would be inimical to its effective operation to institutionalise it or to suggest cumbersome arbitration procedures to deal with an entirely exceptional case, such as the present incident, where, for a variety of identifiable reasons, the system failed to operate. Essentially the system is based on the willingness of the Press to circumscribe its own freedom to publish and it could not survive without the voluntary co-operation of the Press which understandably might be withheld if the machinery became too elaborate. The Report rightly stresses the dangers and practical difficulties of introducing any “stop” procedure or any form of arbitration. The Government, while accepting that these very real difficulties exist, intend to discuss with the Press any changes of procedure involving a “court of appeal” or any other arbitration machinery which might be acceptable to themselves and to the Press. They attach the greatest importance to maintaining and strengthening the “D” notice system and to retaining the free and voluntary co-operation of the Press in its effective working. For their part, they will do all in their power, consistently with their overriding responsibility for national security, to contribute to this purpose.

31. In the meantime, the Government have been considering what steps they could take to strengthen the system, consistently with the need not to overburden it with unnecessary procedures. The Radcliffe Committee rightly points out that the Secretary of the Services, Press and Broadcasting Committee is the central figure in the working of the system and they make three suggestions bearing upon his position. Broadly these are:

(a) that there should be a closer definition of his functions;
(b) that he ought to have a deputy in his post; and
(c) that efforts should be made to see that the Secretary is properly informed as to the facts that lie behind any “D” notice request.

32. The need to define the functions of the Secretary is accepted by the Government as crucial since the series of misunderstandings in the present case arose partly because, as the Radcliffe Committee points out, there was never at any time any clear understanding between those speaking for the Government on one side and those speaking for the Daily Express on the other as to whether the issue between them was the observance of “D” notices or a question of non-publication on grounds of the general public interest. The Secretary’s function is to act on behalf of his Committee and his brief from officials on this occasion was to represent to the Daily Express that the publication of the proposed article would be a breach of “D” notices. The fact that he based his main case on wider arguments meant that he ceased to speak with the authority of his Committee. If in any particular case it is necessary to make an appeal on grounds of national
interest—and such an appeal would only be made in exceptional cases of extreme gravity—it is right that Ministers should decide who should act as spokesman on their behalf and the grounds on which any representations should be made. The Secretary is in no position to act as spokesman for the Government since he thereby seriously prejudices his proper position in relation to “D” notices without adding weight to any representations which may be made. The Government, therefore, accept the Radcliffe Committee’s recommendation that the Secretary should henceforward act only in accordance with the instructions of his Committee, managing and interpreting its decisions. He will now be instructed, in accordance with the recommendations of the Radcliffe Committee, immediately to report all cases coming to him which lie at or beyond the borderline of the “D” notice system to his Chairman (or his deputy) who can then consider whether Ministers should be informed or what other action should be taken.

33. The Government accept that the Secretary should have a deputy and suitable supporting staff. A review of the post will be carried out to determine precisely what staff is required.

34. The Government also accept, and attach great importance to, the recommendation of the Radcliffe Committee that effort should be made to see that the Secretary is properly informed as to the facts that lie behind any “D” notice. The Secretary’s position and his effectiveness rely on the confidence and trust with which he is regarded by the Press. In view of the necessarily general nature of a number of the “D” notices, the Press will not always be able to judge for themselves whether a particular story falls under a “D” notice. It is, therefore, an essential part of the system that the Secretary should, as recommended by the Radcliffe Committee, have full and unfettered access to secret information and that the Press, knowing this, should trust his judgment on the applicability of any particular “D” notices. It is the practice that officials who have regular and constant access to information of a highly secret nature are required to go through certain security procedures.

35. The post of Secretary of the Services, Press and Broadcasting Committee has not in the past been regarded as one whose occupant would be required to undergo these procedures. Before this incident occurred, however, the Government were reviewing whether, in view of the very special circumstances of this post, this was right. The Government are now satisfied that the primary consideration is that there should be no impediment of any kind which may prevent the Secretary from having access to full information on any matters relating to “D” notices and the Secretary will henceforward be required to go through these procedures so that he can properly be informed of secret material of the most sensitive nature.

36. The Government have also considered, and accept, the other recommendations of the Radcliffe Committee on possible improvements to the “D” notice system. These are—

(a) that the Chairman of the Services, Press and Broadcasting Committee should, as appropriate, ask his colleague on the Committee, the Second Permanent Under-Secretary of State, to act as his deputy to whom the Secretary can report.
(b) that representation on the Services, Press and Broadcasting Committee should be altered so as to include other Departments which have not hitherto been represented on that Committee and that, to enable this to be done without altering the balance of representation on the Committee, two of the three Second Permanent Under-Secretaries of State should cease to be members. The Government also accept that, subject to the agreement of the Services, Press and Broadcasting Committee itself, representatives from the Home Office and Foreign Office should be added to the membership of the Committee.

The "Spectator"

37. The Government agree with the views in the Report on the matter of the publication by the Spectator in its issue on 3rd March of two "D" notices.
Report of the Committee of Privy Counsellors appointed to inquire into ‘D’ notice matters
To The Right Honourable Harold Wilson, O.B.E., M.P.

We, the undersigned Privy Counsellors, were appointed “to examine the circumstances surrounding the publication of an article in the Daily Express of 21st February entitled, 'Cable Vetting Sensation' in relation to the 'D’ notice system; and to consider what improvements, if any, are required in that system in order to maintain it as a voluntary system based on mutual trust and confidence between the Government and Press in the interests alike of the freedom of the Press and of the security of the State”.

We submit the following Report.

2. The announcement of our appointment was made in your statement to the House of Commons on 28th February, 1967, and we held our first meeting in private on 9th March. We have since held 10 further meetings for the hearing of oral evidence and for the purposes of our own discussions.

3. The first part of our enquiry, that relating to the circumstances surrounding the publication of the Daily Express article of 21st February, appeared to involve certain conflicts of evidence as to what had passed between representatives of that newspaper on the one hand and representatives of Her Majesty's Government on the other. Accordingly we acceded to the request of the Daily Express that they should be represented by Counsel (Sir Peter Rawlinson, Q.C., and Mr. Brian Neill) when their witnesses were giving evidence and when other witnesses, whose evidence related to this conflict, were before us. The Editor and other representatives of the Daily Mail, who also gave evidence before us, were represented by Counsel, Mr. D. Hirst, Q.C. Apart from this we sat throughout in private during the course of our enquiry.

4. The list of witnesses who gave evidence is set out in Appendix I to this Report.

PART I

THE 'D’ NOTICE SYSTEM

5. An account of the history of ‘D’ notices and of the system then prevailing with regard to their operation was set out in Chapter 9 of the White Paper “Security Procedures in the Public Service” which was presented to Parliament in April, 1962 (Cmnd. 1681). Subject to one or two minor alterations, the system there described is recognised as having continued unchanged to the present day and we do not think it necessary to repeat the body of that account; for convenience, however, a brief summary of the system, including the minor changes which have been made since 1962, is given below.

6. A ‘D’ notice is a formal letter of warning or request, signed by the Secretary of a Committee known as the Services, Press and Broadcasting Committee, and addressed to newspaper editors, to news editors in sound broadcasting and television, to editors of some periodicals concerned with defence information and to selected publishers concerned with biographies.
and historical and technical subjects. They are normally headed “Private and Confidential” (or “Secret”) and are accepted by the recipients as confidential communications. Their purpose is to request a ban on the publication of certain subjects, indicated in the notices, which bear upon defence or national security. Sometimes they take the form of a simple requested suppression; sometimes they identify certain subjects as areas of danger for the purposes of security and suggest limits within which they can safely be treated.

7. The ‘D’ notice system is a voluntary one. There is no compulsion behind it, and non-observance of the request contained in a notice carries no penalties. The force of its appeal arises from the fact that it is put forward by some branch of Her Majesty’s Government which has reason to suppose that its request is justified by the needs of security and that a notice cannot be issued unless its form and contents have been approved by the Committee, of whose members Press representatives are more than twice as numerous as the representatives drawn from Government Departments. Breaches of the terms of ‘D’ notices do occur from time to time, but it seems to be agreed that nearly every breach that has occurred has been attributable to inadvertence, and a deliberate refusal to comply with a ‘D’ notice is extremely rare. If it were otherwise, the system, which has worked effectively under what are substantially its present conditions since the end of the last War, would have long since broken down: for unless ‘D’ notices are to be generally observed as a matter of obligation between each newspaper and the others as well as between all newspapers and the Government, it is obvious that single newspapers cannot be expected to continue to observe them when they are ignored by other newspapers who may be in competition with them.

8. The process that brings a ‘D’ notice into existence is as follows. The proposal will originate with one of the Government Departments concerned. A draft of what is required is then discussed with the Secretary of the Committee. Not all proposals for ‘D’ notices survive this discussion: some are withdrawn if the Secretary considers that they could not reasonably be submitted to the Press. If one is to go forward, he advises on such detailed points as to its presentation as he thinks are likely to be of interest of his Committee. A draft is then circulated among its members for their comments and, if approved, it is issued by the Secretary in the name of the Committee as a whole. In cases of special urgency the Secretary is authorised to adopt an emergency procedure: he may send out a notice on his own responsibility, provided that he secures the prior approval of not less than three of the Press members of the Committee, who must meet together for the purpose.

9. The Secretary’s office is therefore the central point of the system. He is the servant of the Committee as a whole, and his duties are whole-time. The greater part of his daily work consists in offering advice and assistance to different members of the Press as to the interpretation and application of the ‘D’ notices (of which there are to-day as many as 16 outstanding). Sometimes a ‘D’ notice can only be expressed as a general guide to editors on the treatment of “sensitive” subjects, and we have no doubt that from time to time questions of real difficulty arise as to the application of a particular notice to some unpredictable combination of circumstances. It is on such questions in particular that the Secretary is invited to advise. It must not be
thought that he is invested with any authority to give “rulings” or judicial interpretations. The system is not institutionalised and it operates throughout as one of free co-operation. But the evidence that we received satisfied us that, although individual editors vary from each other to some extent in their attitude on this matter, the Secretary’s interpretations of the meaning and effect of the notices are regarded with very great respect and would not be departed from by a particular newspaper until at any rate the matter had been fully discussed with him and a considered decision taken in the editorial chair.

10. It may be that on special occasions the Secretary finds himself urging with respect to a particular piece of news that has suddenly broken that, whether or not it is covered by a ‘D’ notice or even if it is not so covered, it is undesirable, unwise or unsafe that it should be published. It may be a very sensible thing to offer such advice in a particular context. But action of this kind falls outside the ‘D’ notice system. The considerations that give a peculiar weight to the impact of a ‘D’ notice, such as we have alluded to above, do not apply to such an appeal or request as this. It lies wholly within an editor’s discretion whether he rejects it or accedes to it; and it could not be otherwise under the régime of a free Press. We shall have to consider in what follows to what extent the Secretary’s action in respect of the incident that we are enquiring into fell within or without the ‘D’ notice system.

11. For convenience of reference we set out in Appendix II the present membership of the Services, Press and Broadcasting Committee.

PART II

12. On Tuesday, 21st February, the Daily Express published the article entitled “Cable Vetting Sensation” which is referred to in our Terms of Reference. It ran as follows:

“CABLE VETTING SENSATION

Security check on private messages
out of Britain

With telephone-tapping in the news—a new controversy which will be a parliamentary flash-point is revealed today . . .

by Chapman Pincher

Thousands of private cables and telegrams sent out of Britain from the Post Office or from commercial cable companies are regularly being made available to the security authorities for scrutiny.

This ‘Big Brother’ intrusion into privacy, which ranks with telephone-tapping and the opening of letters, was disclosed last night.

It is certain to lead to a flood of questions in Parliament where a Bill to prevent unauthorised telephone-tapping was given its first reading yesterday.

The check can be applied to all cables and telegrams sent or received from abroad whether by individuals, companies or embassies. The embassies are allowed to send messages out in code but companies may use only accepted commercial codes.
There is no hold-up or censorship of the cables. But on the morning after they have been sent or received they are collected and sifted by a Post Office department concerned with security.

Then any cables believed to be of special interest are passed to the Security Services.

They are studied there, copied if necessary, and returned to the Post Office and cable offices after being held for 48 hours.

Most of the original cables and telegrams go out through the Post Office, which owns the former Cable and Wireless Company. Cables passed through private companies—mainly branches of foreign concerns operating in Britain—are collected in vans or cars each morning and taken to the Post Office security department.

The probe is conducted under a special warrant, signed by a Secretary of State under Section 4 of the Official Secrets Acts and regularly renewed to keep it valid.

In advance?

Its purpose is to provide Intelligence for the security, military, and criminal investigation departments. A regular check on cables may reveal the activities of persons or organisations suspected of operating against the national interest.

But while the cables are being vetted, there is nothing to prevent information being passed to the Exchequer, the Board of Trade, or any other interested department.

This could provide the Government with advance information of confidential trade negotiations and other private deals.

It has not been possible to establish when this routine cable probe was first introduced, but I understand that it has been in operation for several years.

FOOTNOTE: An ‘anti-tapping’ Bill introduced into the Commons yesterday was sponsored by Mr. Peter Bessell, Liberal M.P. for Bodmin.”

13. It appears to us that we have three principal issues to resolve under the first head of our Terms of Reference. We set them out:

(1) Is this article an inaccurate account of the facts with which it purports to deal?

(2) Is it a breach of any one or more of the ‘D’ notices?

(3) Is it contrary to anything that can be called the procedure or conventions of the ‘D’ notice system?

We derive these issues, as we have formulated them, from the criticisms of the Daily Express article which were made in the House of Commons by the Prime Minister during the week beginning 20th February, in consequence of which we were constituted a Committee for the purpose of reporting on the matter.
Is the Daily Express article of 21st February an inaccurate account of the facts with which it purports to deal?

14. In order to arrive at an answer to the first of these questions, it was necessary for us to make some enquiry as to the practice of scrutinising cables under Government authority to which the article alludes. In our view, our Terms of Reference neither require nor invite us to weigh the reasons of State upon which the practice is founded or to examine in any detail the purposes to which and the limits within which it is confined. Basically, such scrutiny forms a secret operation and, being so, we do not propose to say more about it than the minimum that is necessary to found our finding on the first issue that we have set out above.

15. The practice involved is variously described as scrutiny, as vetting or as interception. In our language all these terms mean the same thing. It does not involve any stopping of cable transmissions or any interference with the normal speed of their onward transmission. It does involve a regular collection of copies of messages transmitted by the Post Office and other cable offices with a view to the total collected being sorted and certain defined categories of them being set aside for inspection by the intelligence agents of Her Majesty's Government.

16. The practice is authorised in law by section 4 of the Official Secrets Act, 1920, which empowers a Secretary of State by warrant to require of transmitting companies the production as he directs of the originals or copies of all telegrams tendered for transmission to or arriving by the telegraphs of each company concerned. According to the information given to us, this power has been regularly exercised against transmitting companies since the coming into operation of the Act. No new practice has been introduced in recent years which departs from the practices previously observed. We have ascertained that the instructions that determine which telegrams are to be put aside by the sorters for inspection are directed to the interests of security and of certain wider intelligence purposes which concern this country's international relations. In fact, only a small percentage of the total telegrams handled is put aside in this way.

17. We do not think that we should say more than this in our Report; but we have set out for your information in a special Annex, which is not intended for publication, a summary account of the range and objectives of the current practice of interception.

18. It is not necessary to say whether the Daily Express article was accurate in all points of detail. It was not inaccurate in any sense that could expose it to hostile criticism on that score.

The second and third issues

19. We now pass to a consideration of the second and third issues that we have set out. That requires that we should put on record the ‘D’ notices which are in question—it is not suggested that there are more than two of them—and assemble a short narrative of the events that are material to the impugned publication.
20. The two ‘D’ notices run as follows, omitting those parts of them
that do not bear on the present issue.

(a) ‘D’ Notice—27.4.56

“Dear Sir,

In view of the publicity given by recent events to the operations
of our Security Organisation, the Services, Press and Broadcasting
Committee feel that you would welcome clarification and co-ordination
of the requests made to you in D Notice dated 28.11.45 and in
my Private and Confidential Letters dated 28.12.50 and 31.7.53.

In requesting secrecy on the items listed below, I would emphasise
that they refer to two branches of the British Intelligence Services
—M.I.5 . . . . and M.I.6 . . . . The reasons for the requests made,
in so far as I am permitted to give them to you, will be found in
the appendix to this letter.

Will you please in the national interest make no reference to the
following:

(i) Secret intelligence or counter intelligence methods and activities
in or outside the United Kingdom.

In conclusion may I ask you to bear in mind that the task of the
Intelligence Services in a democratic country is far from easy and
earnestly request you, when in doubt, to act on the principle that
as little publicity as possible should be given to their activities?

Yours faithfully,

GEORGE P. THOMSON (Signed),
Secretary of the Committee.

‘D’ notice 28.11.45 and Private and Confidential Letters 28.12.50 and
31.7.53, which are embodied in this ‘D’ notice, should now be regarded
as cancelled, and destroyed.

Appendix to ‘D’ notice—27.4.56

Note to (i) Certain methods employed in Intelligence work are
to some extent a matter of common knowledge and it
is thus understandable that editors would not normally
regard them as secret methods. Published reference,
however, to what may seem to be obvious methods of
counter espionage work, when related to particular
cases or persons, create an awareness and vigilance
in the minds of agents which may well enable them
to circumvent the precautions taken to deal with them.
Such references do serious harm in assisting a foreign
Intelligence organisation to build up a picture on the
basis of which it conducts its operations, both offensive
and defensive.”

(b) ‘D’ notice—30.10.61

“Note: (This ‘D’ notice modifies and supersedes the request made
to you in ‘D’ notice 15.10.58).
The Services, Press and Broadcasting Committee request that in the interest of national security you will make no reference to the following:

(2) The various methods used in the interception of foreign communications for secret intelligence purposes. In this connection the Committee request that you will not refer to the fact that on occasions it is necessary in the interest of defence for the Services to intercept such communications.

Yours faithfully,

GEORGE THOMSON (Signed)
Secretary of the Committee

The narrative

21. The story began, as far as the Daily Express was concerned, at 3 p.m. on Thursday, 16th February, when, by appointment, a Mr. Robert Lawson came to the office of Mr. Pincher, its defence correspondent. According to Mr. Pincher, Mr. Lawson said that he had worked in two cable offices, Commercial Cables and Western Union, as a telegraphist and had discovered that all cables and overseas telegrams sent from, and received by, these offices were collected daily by a Ministry of Public Building and Works van and taken to the Ministry of Defence in the old Admiralty building. He also believed that all overseas cables and telegrams handled by all other cable offices and by the Post Office were treated in the same way. According to his information, the cables and telegrams were held in the Admiralty building for 48 hours and were then returned to the Post Office and the cable companies. His enquiries showed that this had been routine practice for at least two years and possibly longer. Mr. Pincher said that it was his understanding that it would be normal practice in any country for the security authorities to intercept cables coming to, or issuing from, a person under suspicion as a spy; he was not, however, aware that all cables were being made available for vetting as a continuing process. Mr. Lawson said that he had previously given information on this matter to the Daily Mail and had also informed a University of London Union magazine called Sennet.

22. Mr. Pincher decided to make further enquiries into the story and telephoned to the Public Relations Branch of the Ministry of Defence to ask whether there was anything in it. The Daily Mail had already asked the Branch about the story and, after consultation within the Department, had been told that there was nothing in it. Mr. Pincher was also told this. He then got in touch with the Public Relations Branch of the Post Office and was told by its Director (in confidence and not for publication) that there was some substance in the story but that some, not all, cables were the subject of collection. The Director told us that he regarded this as something that was perfectly well known.
23. Mr. Pincher then telephoned Colonel Lohan, the Secretary of the Services, Press and Broadcasting Committee. He told Colonel Lohan about the story which Mr. Lawson had given him. There is some disagreement whether the story as he related it to Colonel Lohan referred to Post Office telegrams alone or to all cables. However this may be, Colonel Lohan saw no significance in the story as it was put to him and replied to Mr. Pincher that there was no ‘D’ notice that applied to such a story. Colonel Lohan was not aware that Mr. Pincher had already been in touch with the Public Relations Branches of the Ministry of Defence and the Post Office, and it is Colonel Lohan’s recollection—although Mr. Pincher was not able to confirm this—that he advised Mr. Pincher to put his story to the Ministry of Defence and then to discuss it further with him.

24. In the course of the next day Colonel Lohan was made aware that the Foreign Office and the security authorities viewed with very great concern the idea of such a story appearing in the public Press. News of this possibility had reached them by various channels, and he was asked to take immediate steps to secure the agreement of the newspapers who were in possession of the story that it should be withheld from publication. Telephone conversations between him and Mr. Pincher of the Daily Express and the Managing Editor of the Daily Mail ensured that no publication would take place in either newspaper until at any rate after the week-end.

25. On the afternoon of the same day a meeting was arranged at the Foreign Office under the chairmanship of a Foreign Office official at which there were present representatives of the Government Departments concerned and the security authorities. The purpose of this meeting was to discuss the handling of the news story that was threatening to break and to decide on the steps to be taken to deal with it. It was the general view that the story touched upon secret intelligence operations and that, as such, it came within the restrictions requested by the two ‘D’ notices of 27th April, 1956 and 30th October, 1961. It was decided, therefore, that Colonel Lohan should be approached and asked to do all that he could to ensure the suppression of the story by invoking the cover of the ‘D’ notices.

26. Colonel Lohan was not invited to be present at this meeting. This in itself argues some defect in procedure. If he was going to be relied upon as the instrument to set in motion the ‘D’ notice system for the banning of this story, he ought to have been present at this critical discussion and have heard what passed between those concerned on the Government side. Had he been there, they might have learnt from him, as they never did, the doubts which, as we have learnt from his evidence, he entertained from the first as to the likelihood of persuading the newspapers concerned that the two ‘D’ notices in question ought to be interpreted as applying to the case.

27. What happened in fact was that the Foreign Office representative, anxious to make sure that Colonel Lohan was properly briefed as to the official attitude, spoke to him on the telephone on two occasions, on Saturday, 18th February and on the morning of Monday, the 20th. The upshot of what Colonel Lohan was asked to do in his approaches to the press can be summarised as follows. He was to try to get the story stopped “on ‘D’ notice grounds” by referring to one or both of the two notices, but he was to say as little as possible about the actual operations that were in
question and to avoid any enlargement upon the fact that they were intelligence operations. It was hoped that he would be able to satisfy Mr. Pincher by assuring him that the activities fell under 'D' notices and involved the "defence of the realm" or "national security".

28. We have no doubt that Colonel Lohan accepted these instructions as conveyed to him on the telephone. He did not make it plain to the Foreign Office that, from his experience of the working of the 'D' notice system with regard to these particular notices, he had grave doubts whether he would be able to bring the story under them. He thought that he had sufficient influence with Mr. Pincher to be able to persuade him on general grounds of national interest that the story was one which ought not to be published, whether or not the 'D' notices were so worded as by their own force to make a case for suppression. There was thus, by the morning of 20th February, a crossing of purposes between the official side and the Secretary of the Services, Press and Broadcasting Committee, the former supposing that the necessary action depended upon a simple appeal to 'D' notices, masked by a prudent reticence as to what it was all about, the latter having in mind that, if he was going to succeed at all in the task of suppression, it would be by deployment of his powers of persuasion, not by fortifying himself behind the wording of any 'D' notices.

29. The misunderstanding was unfortunate, because it led to some divided counsels later. On the other hand it is impossible to say with any confidence that, even if it had been cleared up at the time, the final result of the intended approach to Mr. Pincher would have been any different. Mr. Pincher, as appears from what we say later, was very clearly determined in his own mind that the 'D' notices, in their accepted interpretation, did not cover his story. Moreover it must be said for Colonel Lohan, who failed in his mission, that the highly restricted line of argument urged upon him by the Foreign Office left him with very little effective material for a successful approach. For if he was to rely on either the 'D' notice of April, 1956 or that of October, 1961, he had at least to show that what the story dealt with was a method of secret intelligence; and he could hardly do that with any force if he was to make as little as possible of the intelligence aspect of the matter. Further, general phrases such as "the defence of the realm" or "the security of the nation" are not in themselves calculated to have much impact upon the mind of an experienced defence correspondent, who has probably become accustomed to look for rather more concrete arguments on the difficult questions of what he ought and what he ought not to write for publication.

30. Colonel Lohan and Mr. Pincher finally arranged to meet to discuss the whole matter at lunch at a London restaurant on Monday, 20th February. The suggestion that the meeting should take place over lunch was made by Mr. Pincher, since Colonel Lohan was engaged during the morning and Mr. Pincher himself had an appointment in the afternoon. We do not think that the selection of a lunch meeting in a public restaurant was a wise choice for an occasion of this nature, which was urgent, important and dealt with matters of some secrecy. On the other hand, the men were friends who had had working contacts for years, and no doubt the appointment seemed to them a natural enough arrangement.
31. There is a conflict of evidence about some parts of the discussion that took place during the lunch, which extended over a period of nearly two hours. Having heard the evidence both of Colonel Lohan and Mr. Pincher, we think that the substance of the matter can be set down as follows. The discussion opened with a reference to the cable vetting story, and Colonel Lohan produced copies of the two ‘D’ notices from his inside pocket. Mr. Pincher at once insisted that they could not possibly be applied, his main line of argument, it seems, being that the opening of letters and the tapping of telephones had long been accepted as not being secret intelligence methods in this context, and the scrutiny of cables came exactly within the same principle. Colonel Lohan at no time made any explicit admission that he accepted the argument and that the story could be treated as unaffected by ‘D’ notices, but there is no doubt that after some time, the discussion being at a deadlock, he put the copies of the two notices away, with the words “All right, let us put that aside and argue even more generally on why you should not publish the story.”

32. The discussion then passed away from the question whether the ‘D’ notices applied, Colonel Lohan directing his arguments to Mr. Pincher to the desirability of suppressing the story on grounds of its damage to the national interest. He spoke, as Mr. Pincher understood, absolutely in confidence and gave some practical examples of the aid that cable vetting could give to detection of subversive activities by the security service. It was, he said, a fruitful source of security intelligence—a point to which public attention has already been drawn by the 1957 Birkett Report dealing with letters, telegrams and telephones. He did not rely on any suggestion that a particular security operation was then in hand. The Press, as we understand it, are habitually responsive to an appeal on those grounds. While Mr. Pincher conceded that the interception of cables might provide useful information, he vehemently expressed his view that the routine availability of private cables to the security authorities was an unacceptable invasion of privacy. There was no misunderstanding between the two men that Colonel Lohan was making an urgent appeal on behalf of the Government for the suppression of the story.

33. At the end of the lunch Mr. Chapman Pincher promised to report “quite fairly” Colonel Lohan’s request to his editor, but at the same time he made it clear that it was his view that suppression would be wrong and that if he was the editor he would print. He promised to let Colonel Lohan know the result of his talk with his editor.

34. Colonel Lohan left the restaurant to pay his call at the offices of the Daily Mail who, it will be remembered, had been holding over their version of the cable vetting story, at his request, since the previous Friday, when he had spoken to Mr. Matthewman, the Managing Editor. An interview took place between him and Mr. Matthewman and the paper’s defence correspondent, Mr. Angus Macpherson. The account of what passed at this meeting is of some assistance in throwing light on the vexed question whether Mr. Pincher was entitled to assume, as he certainly did assume, after the luncheon discussion with Colonel Lohan, that the latter himself was not treating the use of his story as one falling within a ‘D’ notice ban. Neither Mr. Matthewman nor Mr. Macpherson received the impression at the interview
that Colonel Lohan had come to them to ask them to observe the terms of any particular ‘D’ notice. According to Mr. Matthewman, Colonel Lohan opened the interview by saying, “There are as a matter of fact a couple of ‘D’ notices which could be said to affect this particular story. However, this conversation is not on the basis of ‘D’ notices.” The ‘D’ notices were not in fact looked at in the course of the interview. Mr. Macpherson’s recollection was to the same effect: “I am not relying on ‘D’ notices.”

35. We feel bound to conclude from this that Colonel Lohan did not manage to convey to those he spoke to on the afternoon of Monday, 20th February, either Mr. Pincher or Mr. Matthewman or Mr. Macpherson, that he himself regarded the cable vetting story as a ‘D’ notice matter.

36. His general line of approach to the Daily Mail, however, proved effective. He did, inadvertently, give the impression, in answer to a query, that publication would be likely to prejudice a particular security operation then current. This weighed with Mr. Matthewman and the Editor, Mr. Brittenden, who was brought into consultation after Colonel Lohan had left, but the general basis of the decision they arrived at, not to use the story, seems to have been that an approach of this kind from the Secretary of the Services, Press and Broadcasting Committee asking for non-publication on the grounds of national security ought to be treated as equivalent to a ‘D’ notice and observed accordingly. Not all members of the Press, we gathered from other evidence, would accept such a principle as sound doctrine. And there are obvious difficulties involved in treating it as a general principle of any binding force.

37. Colonel Lohan left the Daily Mail offices with a firm confidence that they were not going to use the story, if other papers did not. He gave them the assurance, “Look, one thing is due to you. I do not think the Express will publish, but if they do publish I shall be honour bound to let you know.” Somewhere about this time, he passed a telephone message to the Foreign Office that he thought that the situation was “under control” and that, if the Express did decide to publish, the Government would have warning and a further chance of intervention.

Editorial conference at the Daily Express

38. After the luncheon Mr. Pincher returned to the offices of the Daily Express and at about 5.45 p.m. visited the Editor, Mr. Derek Marks, and told him about the story. This was the first occasion, Mr. Marks told us, on which he had heard anything about it. Mr. Marks himself had previous experience as a defence correspondent, and he had in any event the editorial responsibility of deciding whether to print or not. The question of the ‘D’ notices soon arose between him and Mr. Pincher, and the latter gave him a categorical assurance that they did not apply. He spoke of his recent discussion with Colonel Lohan and explained that Colonel Lohan had brought to it all the relevant ‘D’ notices and had said that none of them applied. The situation, as he explained it, was similar to that of stories about telephone tapping, as to which the ‘D’ notice practice was that, while individual instances of tapping ought not to be referred to (as being “operational”), it was perfectly permissible to write about the practice as a whole. Mr. Pincher added that Colonel Lohan had said to him that,
while he agreed that there was no ‘D’ notice on the story, he was under “very strong pressure to persuade us” not to use the story. Mr. Marks took notice of that request and asked Mr. Pincher to put his story in writing and bring it back so that it could be fully considered. This was done.

39. A meeting was then called, which was attended by the Legal Manager, Mr. Andrew Edwards, the Managing Director, Mr. Eric Raybould, and the Night Editor, Mr. Peter Johnson. At this meeting Mr. Pincher repeated his assurance that Colonel Lohan had agreed that the story was not covered by ‘D’ notices. Mr. Edwards drew attention to the power in section 4 of the Official Secrets Act, 1920 to intercept cables; Mr. Marks thereupon asked Mr. Pincher to incorporate a reference to that section in his story. When that had been done the story was re-examined and the Editor decided not to withhold publication. He told us that, in reaching this decision, he had in mind the fact that the legal power of interception was public knowledge, that Mr. Pincher had assured him that Colonel Lohan had advised that no breach of a ‘D’ notice was involved and that, although the story had been under discussion with the authorities since Thursday of the previous week and was known to be in the hands of the Daily Mail as well, no action had been taken to issue a notice by way of “overriding caveat”.

40. After the editorial conference Mr. Pincher telephoned Colonel Lohan. This was about 6.30 p.m. What he said was that he had written his story, taken it to his Editor and told him about Colonel Lohan’s request to withhold publication. He did not tell Colonel Lohan at this time that the Editor had already decided in favour of publication. If he had done so, the timetable of further official action to get the story suppressed would have been advanced by several very important hours. Mr. Pincher told us that what he said at 6.30 p.m. was “I cannot be sure we are printing until 8.15” and that the reason why he did not say something to the effect that he thought that the Editor was going to print was that, if he did so, Colonel Lohan would be bound to ring up the Daily Mail and release their cable vetting story, while if some news of special importance came into the Express office in the course of the next hour or two they might not be printing their story that night after all. Accordingly he said that he would telephone him again if they did decide to print that night. Mr. Pincher, in our view, was being more cautious at this point than his dealings with Colonel Lohan justified. He could fairly have told him that the Editor was not accepting his request, but have asked him not to take any action with the Mail until it was quite certain that the Express was going to publish that night. But he did not. Colonel Lohan was thus left with the impression that the issue of publication was still open, and at about 7 p.m. he reported to this effect to Sir James Dunnett, the Chairman of the Services, Press and Broadcasting Committee. The words that he used in making his report reflect his assessment of the position: “I am skating on very thin ice; nevertheless I think I am holding it.”

41. After reporting his conversation to Sir James, Colonel Lohan made arrangements for his assistant to remain in the office in case any telephone call came through, and he then caught the 7.49 p.m. train from Victoria to Charing and reached home soon after 9.10 p.m. At about 9.30 p.m. Mr. Pincher, having learnt from his Night Editor that his story was going
in that night as a lead, telephoned to Colonel Lohan to say that the story was in fact being published. Both agree that he used some such words as “You have lost”.

42. Colonel Lohan immediately telephoned the Daily Express office and ask to speak to the Editor, Mr. Derek Marks. Since he was not available he spoke to the Night Editor, Mr. Peter Johnson, who said that he had no authority to stop the story and that Glasgow had gone to press. Colonel Lohan asked for a message to be left for Mr. Marks to get in touch with him as soon as possible, and he arranged for a message to be passed at once to the Foreign Office informing them of the development and that the cable vetting story was already appearing in the Glasgow edition of the Daily Express.

43. Hitherto the only person who had made approaches to put the Government’s point of view was Colonel Lohan, and the only person with whom he had had contact on the side of the Daily Express was Mr. Pincher. During the course of the next two hours there were separate interventions from the Government side, made by the Foreign Secretary and Mr. W. L. Greig, his press adviser, respectively. The Foreign Secretary spoke to Sir Max Aitken and Mr. Greig to Mr. Marks. We shall have to follow out these exchanges in a little detail in order to give a sufficient account of the circumstances attending the publication of the article.

Intervention of Foreign Secretary and Mr. Greig

44. The Foreign Secretary had been informed by his Department on Friday, 17th February, that a story on cable vetting was in the hands of the Daily Express and some other papers, and on the afternoon of Monday, 20th February he had learnt that Colonel Lohan had reported, after his lunch with Mr. Pincher, that he regarded the situation as under control, that he thought that the Express were not going to publish and that if they decided to do so “we should have another opportunity”. The Foreign Secretary decided on the basis of that information that he would not try to make a personal intervention at that stage.

45. At about 10 o’clock on that evening the Foreign Secretary was dining at the house of a friend and there received a telephone message from an official at the Foreign Office to the effect that the Daily Express now intended to publish the story and that it was running in the Glasgow edition of that paper. This was the purport of the message that Colonel Lohan had sent through to the Foreign Office. The Foreign Secretary thereupon decided to get in touch with Sir Max Aitken and to ask him to prevent the publication of the story. The Foreign Secretary rang up the offices of the Daily Express and eventually was put through to Sir Max Aitken. Sir Max was at that time at a dinner being held at the Garrick Club and, unknown to the Foreign Secretary, the call was put through to the Garrick Club and was received by Sir Max, who had been called from the dinner, in the porter’s box in the hall of the club.

46. The situation was one well calculated to produce misunderstandings on both sides. The Foreign Secretary was speaking on an open line and for reasons of security was unable to make any detailed reference at all to the secret activities which he understood to form the basis of the
story. He was under the impression that Sir Max knew about the story which was going to appear in his paper and about its contents. In fact, Sir Max did not at that time know anything about it at all and had no idea to what the Foreign Secretary was referring. There was a further misunderstanding. The Foreign Secretary gained the impression from something that Sir Max said to the effect that Mr. Derek Marks was “with him” that Mr. Marks was actually by his side during the conversation. In fact, Mr. Marks was at the dinner table in the Garrick Club which Sir Max had left in order to go to the telephone box, and Sir Max meant to convey by his words no more than that Mr. Marks was readily at hand to carry out any action that might be required.

47. The conversation was a very short one. In the circumstances it could hardly have been anything else. The Foreign Secretary opened by saying “Your papers are running a story which is under a ‘D’ notice”, and asking that it should be stopped. It was, he said, a dangerous story for public security. Sir Max, who did not know what he was talking about, answered that if there was a story covered by ‘D’ notices he would certainly have it taken out, or would “kill it”. He said that the Editor was with him and he would speak to him immediately. There are two minor points upon which we cannot reconcile the respective versions of the conversation given to us by the Foreign Secretary and Sir Max. The former does not think that he referred to the Glasgow edition of the *Express* as the source of the story. Sir Max thinks that he did. As we know that the story reached the Foreign Secretary from the Foreign Office as a report about the Glasgow edition and as Sir Max’s instructions to the *Express* officials related to this we think that the Foreign Secretary probably did refer to Glasgow. Secondly, something was said by the Foreign Secretary about the *Express* being given fuller information if they would hold up the story. Sir Max understood that to mean that, if they waited for 24 hours, they would get a better story for publication. The Foreign Secretary is clear that he meant only that the representatives of the paper could have fuller confidential information, by way of background, to explain the reasons that made it dangerous to publish the story. We are sure that he intended to convey no more than this.

48. The Foreign Secretary felt confident at the close of this brief conversation that Sir Max had undertaken to suppress the story. He made a note, “I have talked to Max; he has agreed to kill the story”. He passed the same information back to the Foreign Office. Sir Max did not understand the matter in this way. He left the telephone, went back to the dinner and spoke to Mr. Marks. He told him that the Foreign Secretary had told him that a story which the *Express* were running in Glasgow came under a ‘D’ notice and that he had told the Foreign Secretary that if that were the case they would take it out. Mr. Marks left the dinner in order to make further enquiries. It seems odd to us that, having regard to the discussions in his office about the cable vetting story only an hour or two before, his mind did not at once turn to that story. But he explained to us that this was not so. He had been told by Mr. Pincher that it had been officially cleared under ‘D’ notices, and the reference to the Glasgow edition made him think that it must be some local story, perhaps dealing with Polaris, which was said to be infringing ‘D’ notices. So he got in touch
story. He was under the impression that Sir Max knew about the story which was going to appear in his paper and about its contents. In fact, Sir Max did not at that time know anything about it at all and had no idea to what the Foreign Secretary was referring. There was a further misunderstanding. The Foreign Secretary gained the impression from something that Sir Max said to the effect that Mr. Derek Marks was "with him" that Mr. Marks was actually by his side during the conversation. In fact, Mr. Marks was at the dinner table in the Garrick Club which Sir Max had left in order to go to the telephone box, and Sir Max meant to convey by his words no more than that Mr. Marks was readily at hand to carry out any action that might be required.

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with the Editor in Glasgow to see whether there was any story running in their edition which might be in breach of a ‘D’ notice. Having been assured that this was not so, he came to the conclusion that the Foreign Secretary must have been complaining of the cable vetting story itself. Mr. Marks reported this to Sir Max Aitken and assured him that, according to his understanding, this story had been cleared by Colonel Lohan. Sir Max asked him to get in touch with the Foreign Secretary and to explain to him what the real circumstances were. Accordingly Mr. Marks returned to his office at about 10.45 p.m. and spoke to Mr. Peter Johnson, the Night Editor, who gave him an account of the telephone call that he had recently received from Colonel Lohan. Mr. Marks then rang up the Foreign Office in order to speak to the Secretary of State. Meanwhile Mr. Greig, the Foreign Secretary’s special assistant on press matters, pursuing an independent enquiry, got in touch with Mr. Marks.

49. We can now deal shortly with what passed between Mr. Greig and Mr. Marks. We must make clear that we do not attach any importance to this exchange. Mr. Greig was acting throughout as an intermediary for the Foreign Secretary in sustaining the attitude that the latter had already taken up in his conversation with Sir Max Aitken. He had no personal knowledge of the story or the background situation that was responsible for the request for its suppression: he was not familiar with the ‘D’ notices or their interpretation. He was, however, one of those on the Government side who approached the Express about the story.

(a) Mr. Marks explained to Mr. Greig that they could find nothing in Tuesday’s Daily Express that contravened ‘D’ notices. There was their cable vetting story, but they had been assured on good authority that this was not covered by a ‘D’ notice. (We assume that Mr. Marks’ reference to “good authority” related to what Mr. Pincher had told him of his conversation with Colonel Lohan.) He wanted this explanation conveyed to the Foreign Secretary.

(b) Mr. Greig telephoned the Foreign Secretary, who told him to impress on Mr. Marks that the story was covered by a ‘D’ notice and that Sir Max had promised to take it out. Mr. Greig passed this on to Mr. Marks.

(c) Mr. Marks in reply rejected both these points. He denied that ‘D’ notices applied: he denied any promise by Sir Max to kill the story. Mr. Greig passed this back to the Foreign Secretary. He was instructed to return to Mr. Marks again, repeating his previous points and complaining very vigorously that Sir Max was breaking his word. On this occasion Mr. Greig quoted to Mr. Marks the identifying dates of the two ‘D’ notices in question, with which he had been supplied by the Foreign Secretary’s private office. This occurred some time about midnight.

(d) Mr. Marks’ final communication to Mr. Greig can be related in its place in the part of our narrative that follows.

50. Between the hours of 9.30 p.m. on the 20th and 1 a.m. on the 21st, a great many telephone conversations took place between the various parties concerned. They make a confusing narrative, since they tended to overlap
each other in time, and the speakers were not always aware of what was going on at the same time elsewhere. We therefore condense the account into the few short essential incidents.

(a) Colonel Lohan, on hearing that the *Daily Express* were running the cable vetting story in their Glasgow edition, telephoned to the *Daily Mail* saying that he could no longer ask them to hold the story. He felt bound to do this in view of the promise he had made to them earlier on the Monday afternoon (see paragraph 37).

(b) Shortly afterwards Colonel Lohan heard, through the report made by the Foreign Secretary to the Foreign Office (see paragraph 48), that Sir Max Aitken had promised to kill the story.

(c) Colonel Lohan then returned to the *Mail*, asking them to hold their story after all, as he had just learnt that the *Express* were going to kill theirs. The Editor replied to him that this could not be so, since he had the first London edition of the *Express* in front of him and they were running the story. Colonel Lohan then agreed, without further reservation, that the *Mail* were at liberty to print their story (subject to one alteration that he suggested), as the whole story was now "out".

(d) Mr. Marks then came through to Colonel Lohan on the telephone in accordance with the request that Colonel Lohan had previously left at the *Express* office (see paragraph 42). Colonel Lohan reproached him with running a story in his London edition despite the promise made to the Foreign Secretary and despite the ‘D’ notices. Mr. Marks repudiated both claims, saying that Mr. Pincher assured him that Colonel Lohan himself had stated the story not to be under ‘D’ notices.

(e) Mr. Marks, disturbed by the messages from the Secretary of State passed to him by Mr. Greig and the protest of Colonel Lohan, tried to reach Sir Max and Mr. Pincher on the telephone. He could not get in touch with either. In his uncertainty he decided that his right course was to kill the story, even though it had appeared in the first London edition. This decision was reached at about 11.45 p.m.

(f) Mr. Marks then telephoned to Mr. Greig. He told him that he felt obliged in the circumstances to accept the view put forward on the authority of the Foreign Secretary that his story contravened ‘D’ notices and that he had given instructions to have it taken out of later editions.

(g) He then spoke to Colonel Lohan on the telephone (at about 00.30 a.m.), told him that he was stopping the story, and added, “I assume that everyone else is being stopped”. Colonel Lohan replied that this was impossible: to his knowledge *The Times* and the *Daily Mail* were coming out with the story. He did not think that taking the story out at such a late stage could do any good.

(h) In the light of this information Mr. Marks countermanded his instructions and decided to continue publishing the story. He so informed Mr. Greig.
Was there a breach of the ‘D’ notices?

51. This is the second issue that we have formulated above. We must say at once that this is not a question that allows of a simple answer based on a mere reading of the words of the notices. The ‘D’ notice system, as we have said, is not institutionalised and probably it would not have survived as an effective working system if attempts had ever been made to treat it as if it were. It does not allow for rulings or judicial interpretation as to the authoritative meanings of the sometimes ambiguous phrases that ‘D’ notices employ. It is necessary, therefore, to approach this question with a regard for the views of those concerned with the actual working of the system as to what the disputed notices permitted and what they forbade.

52. Mr. Pincher, as we know, scouted the idea that they applied to his story. Colonel Lohan, as we learnt from him in his evidence to us, had very little confidence in their applicability. Indeed he regarded it as quite inadmissible to say that the Daily Express article constituted any clear breach of ‘D’ notices: and it is plain that his conduct was on occasion conditioned by that view. Mr. L. J. Dicker, a Press representative on the Services, Press and Broadcasting Committee with long experience of its working, told us in evidence that he thought the article too general in treatment to be a breach of ‘D’ notices. Apart from this, Mr. Maurice Green, the Editor of the Daily Telegraph, Mr. Lee Howard, the Editor of the Daily Mirror, and Mr. Edward Pickering, the Editor of the Daily Express from 1956 to 1961, all appeared before us to express their individual views that the impugned article was not within the ‘D’ notices, with which they were familiar. On the other hand Mr. Brittenden and Mr. MacPherson, of the Daily Mail, told us that they would have taken a contrary view.

53. Prima facie we should have said that interception of cables in the way that we have described was clearly a form of “secret intelligence or counter-intelligence methods and activities in the United Kingdom”—the very phrase used in the notice of April, 1956. It is difficult to see, from a mere reading of the words, how they can fail to be apt for the present purpose. But it was brought home to us in our enquiry that the effective application of this notice was not a straightforward matter. There had been previous debates as to what it meant and how far it was intended to go. To quote Colonel Lohan: “I have terrible difficulties with this wretched ‘D’ notice that deals with methods and activities, because people say it can mean anything and everything.” In his view, once it has been conceded, as it had been by a special notice sent out after the publication of the Birkett Report, that telephone tapping was not a “secret method” protected by the ‘D’ notice of April, 1956, the argument that cable vetting remained protected was “equally untenable”.

54. Mr. Pincher amplified this point to us in his evidence as to past discussions of what “secret methods” were under this ‘D’ notice. “Thus on the face of it one might think, as this is done in secrecy, vetting cables, it counts as a secret method, but I have had many discussions with Admiral Thomson and Colonel Lohan, and it has always been agreed that telephone tapping or the opening of letters even though it is done in secrecy does not count as a secret method. Admiral Thomson told me on many occasions when I have discussed the question of whether we can talk about telephone tapping
in the newspapers that secret methods in the ‘D’ notice refer really to methods which are still secret, such as in those days electronic devices which were not talked about and which are now, and Colonel Lohan pointed out to me in one of our conversations that as far as the examination of cables is concerned it cannot be regarded as a secret method because it is described in full in the Official Secrets Act, 1920, where they point out the power exists for doing this."

55. We have gathered, therefore, that by now any simple construction of this notice—whatever its original intention—has become overlaid by interpretations of the meaning of the phrase “secret methods and activities” which have much restricted its apparent range. Secondly, it is impossible to treat the notice, when read as a whole, as if even on its face it imposed an absolute ban on any references to M.I.5 and M.I.6 intelligence activities. The concluding paragraph of the letter with its words “as little publicity as possible”, and Note (i) to the Appendix, which recognises that editors are not expected to treat as secret such intelligence methods as are “to some extent common knowledge”, show that not so much all publicity as some special kinds of publicity are what is discouraged. Indeed the later part of that Note goes a long way to suggest to readers that on this particular point the silence that it asked for is no more than silence on stories about methods and activities directed at particular persons and in particular cases.

56. The impression that we have formed is that the notice has by now come to be interpreted in this limited sense. It is not an unfair one, taking the wording as it stands. But we are bound to say that, if that is all that it is intended to mean, its purport could have been, and could now be, expressed in much simpler and shorter words. Indeed, we were left by our witnesses in very considerable uncertainty whether, according to this interpretation, there is any such thing to-day as a secret intelligence method. The practices of opening mail, of inspecting telegrams, of tapping telephones, are common knowledge in the sense that it is widely known that they can be resorted to. But then it is no secret either that there are complicated and ingenious listening and visual devices to which at any rate some intelligence agencies resort. We cannot believe that it was really intended by the Services, Press and Broadcasting Committee that it is only the employment by our intelligence services of really unknown and hitherto undiscovered devices that is to be protected from description.

57. It seems to us probable that some of the difficulty that has arisen, which has presented an unsolved problem to the Secretary, Colonel Lohan, can be traced to overfine distinctions between methods and activities which are secret in the sense that they are carried out without advertisement and under precautions designed to conceal them and methods and activities which are secret in the sense that there is no public knowledge of their very existence. We invite the attention of the Committee to this question and to the desirability of rewriting the ‘D’ notice of April, 1956, as a whole. It is possible that its current operation gives less protection to intelligence methods and activities than the agencies responsible can fairly require. It is not altogether satisfactory to rely on silence only when the story touches “particular cases and persons”, because it is often impossible for those not behind the scenes to know in time whether the story they print does trench upon this restriction.
58. We hope that this difficult question will receive the attention that its importance, we think, deserves. It is not useful for us to say any more than this. ‘D’ notices are produced only if the Committee give them their sanction; and they are effective only if editors in general are willing to observe them. The ‘D’ notice system by itself can achieve no more than that.

59. There remains the ‘D’ notice of October, 1961. Its wording is perhaps unavoidably cryptic. It speaks of the “interception of foreign communications for secret intelligence purposes”. Probably the whole subject tells against clear or explicit wording, but we should ourselves have supposed, as readers of the notice, that the words in question applied more naturally to other possible methods of interception than to the scrutiny of incoming and outgoing cables, which it would be odd to describe as “foreign communications”. This notice too invites the interpretation that it is only occasional operations, and those particularly directed to defence purposes, that are intended. We think that it is reasonable to read it in this way and that it could not well be interpreted by an editor as covering the general routine scrutiny of incoming and outgoing cables that the Daily Express story referred to. We are, of course, aware that this particular point leaves open the difference between the process of collection and the process of sorting: but the practical working out of this difference lies beyond the range of this Report.

60. We conclude, therefore, that it would not be right to say that the article amounted to a breach of the ‘D’ notices.

Was there a breach of the ‘D’ notice procedure and conventions?

61. We cannot deal with this issue separately from the one we have discussed above at any length, because our finding on it is implied in what we have already said about the nature and working of the ‘D’ notice system and in the narrative of the facts that we have given.

62. What is the briefest summary of all that happened? The relevant ‘D’ notices were certainly brought to Mr. Pincher’s attention by the Secretary on Monday, 20th February, but after the luncheon meeting and discussion Mr. Pincher cannot be blamed for leaving with the impression that the ‘D’ notices themselves made little contribution, if any, to the question whether to publish or not to publish. Mr. Pincher was not the Editor; his report to his editor that his story was “cleared” for ‘D’ notices may have been an exaggeration of what he ought to have thought; but his editor, knowing Mr. Pincher’s close relations with Colonel Lohan and that he had just come from an interview with him, did nothing unreasonable in taking his statement at its face value. We find no evidence to indicate that the decision to publish was taken with a deliberate intention of evading or defying the ‘D’ notice procedure.
63. After this decision had been taken (and implemented in the Glasgow edition) Sir Max Aitken’s attention was dramatically directed to the ‘D’ notice question by the telephone call from the Foreign Secretary; and at later times during the night, Mr. Greig, speaking for the Foreign Secretary, repeated the same claim. But in the end no one but the editor involved can decide whether he is going to treat a particular news item or article as being covered by a ‘D’ notice. There is no convention under the system that requires him to treat interventions on the point, from however eminent a source, as bringing something under a ‘D’ notice which he judges to be outside it. He may yield to the intervention, for any of several reasons, but there is no convention that requires that he should or puts him at fault if he does not. In this particular case Mr. Marks thought that, whatever the wider public issues might be, he had sound reasons for saying that those who were familiar with and operated the ‘D’ notice system had conceded that his article was not affected by any notice.

64. There is not, we must point out, any procedure under this system which requires an editor to observe a “stop” on publication in those cases (and they would, it seems, be exceptional cases) where the Secretary, on behalf of the Committee, maintains that a ‘D’ notice request is involved and the editor is unable to agree that it is. There could be such situations, though the incident that we have been describing, on the facts, hardly comes within it: and there could in theory be some sort of appeal procedure pending a decision on which publication would be postponed. We shall refer to this point as a possible improvement of the procedure, in the closing portion of our Report: but, as things stand, it must be taken, we think, that neither the Secretary nor anyone else has any authority to give a binding interpretation to an editor or to require him to hold up material until an appeal reference has been made to some agreed authority.

PART III
POSSIBLE IMPROVEMENTS TO ‘D’ NOTICE SYSTEM

65. We have come to the conclusion that there is not much in the way of alteration that can usefully be recommended for the ‘D’ notice system. It is not that anyone familiar with its working thinks of it as perfect or as so constructed as to offer a guarantee that mistakes or breaches will never occur. It is, after all, a voluntary arrangement, embracing a very large number of independent publications, directed to securing the suppression of certain categories of news which arise, often under great pressure of handling, in unpredictable forms and combinations. But what was emphasised to us by a number of witnesses was that, despite its imperfections, it has worked effectively for a considerable number of years, and, so far as we could learn, its working has not been a cause of any substantial dissatisfaction to those who are party to it. This is a striking fact when it is recalled that we are speaking of a free Press which is alive to the importance of asserting its independence of Government control. It indicates a sense of responsibility and an editorial care that are very much to the credit of all concerned, and we do not think that they should go unrecorded in any Report that deals with the system.
66. It is this very fact, however, of the system's proved effectiveness that makes us reluctant to recommend any alterations in it that would impose upon it a more formal or elaborate structure, because, while they might make it look more ship-shape and water-tight on paper, we think that there is a real danger that the whole thing might break down under the added strain. And, if it did, we know of no alternative that could be put in its place. It is not difficult, for instance, to see that there would be a larger margin of protection for the security interests at stake, if some scheme were introduced for holding back items of news about which a 'D' notice dispute had arisen for some agreed period of time, to allow a "breathing space" for further consideration, or if provision were made for some regular system of appeal to an independent arbitrator for the resolution of such disputes. Ideas of this kind were suggested to us by more than one of our witnesses.

67. On the whole we do not recommend such proposals for adoption. They seem to us to contradict the underlying assumption on which the scheme has rested, that in the last resort editorial control and responsibility remain with each individual newspaper. We believe that the scheme has worked largely because of the recognition of this principle. If, at some critical point of a dispute, the decision to publish or not to publish were to be taken out of the hands of the editor and handed over to some outside person or body, with arbitral, not editorial functions, the nature of the system would have been fundamentally changed. This is, in our view, not to its or the public's advantage. But, even putting that objection on grounds of policy aside, we foresee very real practical difficulties in implementing such a scheme, even if it were to be favoured by both sides of the Services, Press and Broadcasting Committee. The pressure of time in what may be a matter of competitive publication tells against the feasibility of fixing an agreed period of time for the "breathing space": and we have not been able to arrive at any idea which seemed convincing to ourselves as to where the independent arbitrator was to be found who would be ready to carry out at very short notice the delicate work of adjudication. Certainly, as was made plain to us, such a function cannot be discharged by the Committee itself or any one or more of its members.

68. We shall have one or two points of detail to make later, but our general view is that the 'D' notice system, while very valuable, is not going to be improved by further elaboration. If a useful lesson is to be extracted from the incident that we have been investigating, the first question to ask is, "What went wrong?" Most of our witnesses agreed in describing the incident to us as being something altogether exceptional. Perhaps it was; but one must be chary of accepting such explanations, for if exceptions are followed by exceptions, in the end there is not much left of the original rule. In what way, then, was this an exceptional case? No doubt it was contributed to by the misunderstanding about the manner of presenting the Government's request which arose between the Foreign Office and Colonel Lohan, who was to be spokesman. But this defect in itself was no more than the product of inadequate preparatory exchanges on the official side, and such slips can be avoided by better co-ordinated arrangements which ensure that the Secretary of the Committee and the Departments concerned are really at one as to the line that they wish to take. It is nearer the mark, we think, to say that the
case was exceptional because there was never at any time any clear understanding between those speaking for the Government on one side and those speaking for the Daily Express on the other as to whether the issue between them was the observance of 'D' notices or a question of non-publication on grounds of the general public interest. Confusion of this sort has, probably, been very unusual in the working of the 'D' notice system, and we think that there is indeed a great deal to be said for making an effort to secure that it can be avoided for the future. Grievances are bound to arise if it is not.

69. In our view what is needed is a closer delimitation of the functions of the Secretary. He will always be the central figure in the working of the system, and it is well that he should be so: but at the same time he must not be given a heavier load of responsibility to carry than it is fair to require. His true province is the territory of the 'D' notice scheme and the maintenance of its smooth and efficient working. That is no small task. But, if there arises one of those occasional wider questions that lie outside the interpretation of 'D' notices, we doubt very much whether it is the right thing that the Secretary should assume the role of the Government's spokesman. If he acts in this way, he steps out of his position as Secretary of the Committee, managing and interpreting its requests with its authority behind him, and it is not so easy to see for whom and with what authority he does speak. This leads us to think that the real lesson of the present case is that the Secretary was left to act too much on his own, with the result that there was never a time until it was too late for effective intervention to be possible for anyone but himself to make those approaches to the newspaper which, whether they would have been successful or not in the event, would have made it directly plain to the editor how much concern the Government attached to the handling of the matter.

70. We think that it would be more satisfactory practice for the Secretary to bring in higher authority at an early date, if he found himself confronted with a situation such as this incident. He may find himself in unresolved dispute with a newspaper as to the application of a 'D' notice or, possibly, protesting against a proposed publication on grounds of security interest to which current 'D' notices have no apparent application. If so, he should, we think, make it his business to report at once for instructions to the Chairman of the Committee, who will be, under present arrangements, the Permanent Under Secretary at the Ministry of Defence. The Chairman will have to decide what is the best course of action to adopt. There is no single line to follow for all occasions. If further or clearer advice is needed from the Government Departments concerned or the security organisations, the Chairman's position of authority will enable him to assemble this at short notice. He will be able to discuss with the Secretary the possibility of asking for the issue of an emergency 'D' notice under the procedure we have mentioned earlier and the alternative of himself making a direct approach to the editor concerned. Much will depend in each case on the urgency and importance of the issue. It is not necessarily advantageous, if the application of 'D' notices has not become the central issue in the dispute, that the approach to the newspaper should come through either the Chairman or the Secretary of the Committee: it may be a matter in which the interested Department
can best say what it wants to say for itself. The great thing, in our view, is that the ‘D’ notice system and the Secretary working on its behalf should not be asked to carry a heavier load of responsibility than it was designed to bear. If, as is probable, the Chairman thinks that his many official preoccupations will prevent him from being readily available to the Secretary on occasions of emergency, it will no doubt be equally satisfactory for him to ask his colleague on the Committee, the second Permanent Under Secretary, Ministry of Defence, to act as his deputy for these purposes.

71. We add two minor recommendations on the position of the Secretary, also designed to lighten the very difficult and delicate task that the system imposes on him.

(1) We think that he ought to have a deputy in his post. It is not reasonable to expect one man to provide the continuous availability that Press working conditions require, the more so as the kind of work that he does is likely to involve frequent absences from his office. Besides, a man cannot make proper arrangements for his holidays, if he has no deputy familiar with his work.

(2) Effort must be made to see that the Secretary is properly informed as to the facts that lie behind any ‘D’ notice request. We quite appreciate that these facts will be of varying degrees of secrecy, and, speaking generally, it cannot be expected that more than a bare outline can be passed on to members of the Press, however trustworthy the recipients. A good deal will always have to be taken on trust—trust that a request is really called for by the needs of security and that the system is not being abused in the interest of convenience. A Secretary must have the confidence of the Press if he is to carry out his duties, and for this purpose he must, we think, be able to impart the conviction that he, at any rate, is “in the picture” and that what he proposes is something as to the need of which he is personally satisfied. Unless he is equipped to convey that impression, his appeal is bound to lose much of its force.

Constitution of the Committee

72. We have set out the membership and make-up of the Committee in Appendix II. It was suggested to us that the time has come for some changes in the representation of the official side. At present the Ministry of Defence, though no doubt the Department more concerned with ‘D’ notices than any other, has four representatives, the Permanent Under Secretary himself and three second Permanent Under Secretaries, the three latter deriving from the three separate Service Departments who have now been united in the Ministry of Defence. We agree that it would be an advantage if two of these second Permanent Under Secretaries of State were to drop out and room were found in their place for representation of other Departments which, though concerned from time to time with the issue and working of a ‘D’ notice, have not hitherto been represented on the Committee. The Home Office seems an obvious choice for one place, and we recommend that it should be filled by the Permanent Under Secretary
of State, Home Office. On the whole we think that there is a good case for inviting the Foreign Office to fill the other vacancy, since ‘D’ notices often have some bearing on aspects of the country’s foreign affairs and foreign relations. If, say, a Deputy Under Secretary of State, Foreign Office, were to join the Committee, we think that it would be useful both to its members and to the Foreign Office.

Publication of ‘D’ notices

73. We devote a section to this subject only because it was put in controversy by articles in the issues of the Spectator dated 3rd and 10th March, 1967 respectively. The first article published verbatim the relevant parts of the two ‘D’ notices to which the Prime Minister had alluded in the House of Commons, inserting them as part of a political commentary by Mr. Alan Watkins entitled “Mr. Wilson and the press”. The second article was entitled “‘D’ Notices and the Spectator”, and its purport was to explain to its readers that, while the publication of ‘D’ notices was “unprecedented”, the editor considered that, having regard to the Prime Minister’s criticism of the Daily Express in the House of Commons on 21st February, the precise wording of specific ‘D’ notices had become a major public issue, and it was in the public interest that the wording should be made known. The article made two other points to which we must pay attention: that the Spectator did not possess a single ‘D’ notice and that neither its present editor nor any member of the staff had ever received any communication from the Services, Press and Broadcasting Committee, and that certain of the ‘D’ notices were so expressed that no breach of security was involved in making them public. In fairness to the argument we reproduce in full the wording of this second article—see Appendix III(A).

74. Hitherto it has never been the practice, as the article recognises, to publish ‘D’ notices. It is unprecedented. The notices are clearly headed “Private and Confidential” or “Secret” and are distributed to their recipients on that understanding. It was made plain to us, on behalf of the Committee, that its members were much concerned at the Spectator’s action, a departure of which they disapproved, and they invited us to give our attention to the matter and express an opinion upon it. Since the publication of ‘D’ notices can give away information of significance to security and the possibility of their being made public might well affect the willingness of Government Departments to resort to them, thus prejudicing the operation of the whole system, we thought that we had better look into the incident and accordingly invited the Editor of the Spectator, Mr. Nigel Lawson, and Mr. Alan Watkins, to give us their version of the matter.

75. The first question was one of fact—had the Spectator been outside the circulation range of the ‘D’ notices, and, if so, why? According to the records of the Secretary’s office, ‘D’ notices had been regularly sent to it and several other weeklies, and shortly before he left, the late editor, Mr. Iain McLeod, had confirmed his office’s correct address for this purpose. We have no doubt that the notices had been properly sent. What had happened, as Mr. Lawson explained to us in his evidence, was that it had been the practice of previous editors, after opening and studying the contents of a notice, immediately to destroy it. No record therefore remained for an incoming editor. Such a practice, admirable from the point of view of security
itself, ought not to be employed under this system, since many ‘D’ notices remain operative for years as a standing warning, while members of the editorial staff may change at any time. But there is no need to dwell on this particular point, since we accept Mr. Lawson’s statement to us that he had only found out what had been done with the Spectator’s ‘D’ notices by enquiry after his two articles of 3rd and 10th March had been published and that in future, if he received ‘D’ notices, he would not think it proper to follow such a practice.

76. He wished to be understood as having published the ‘D’ notices under the misapprehension that the Spectator was not “part of the system”. The text that he used was obtained by Mr. Watkins, who was allowed to make copies of the two notices in question in the office of the Secretary. Although he did not include in his copies the respective headings “Private and Confidential” and “Secret”, Mr. Watkins had no doubt himself that they were in fact confidential communications. We are not concerned to say whether we think that a document obtained in this way ought to have been treated as available for publication without further enquiry. We are content to proceed on the basis of Mr. Lawson’s assurance that he misunderstood the position of his paper and that he did not realise that he was making use of documents that would in the first instance have reached his office under the cover of confidentiality.

77. In our view the only importance of this incident lies in its bearing on the future, for if the arguments advanced in the second Spectator article are valid, an editor is entitled to exercise his own judgment whether or not to make public any particular ‘D’ notice circulated to him, if he considers that its nature is such, by reason of the generality of its terms or for some other reason, that the mere publication of it involves no risk to security. We think that this argument is based on a false premise, in that it seeks to establish a recognisable distinction between one ‘D’ notice and another in their relation to security. The mere fact of the issue of a ‘D’ notice, the bare circumstance that it is necessary to issue a warning, amounts in itself to a security “pointer” for a hostile intelligence service: and, besides that, it is virtually impossible to concoct an effective ‘D’ notice that is sufficiently clear to tell a reader what is requested of him without at the same time imparting some modicum of information of security value. This is an acknowledged dilemma in all ‘D’ notice questions. It will not be solved by drawing distinctions of the kind suggested, and we think that the only safe rule for everyone to proceed on, if there is to be a ‘D’ notice system at all, is that all notices should be treated as confidential documents, guarded with care under editorial control and withheld from publication.

78. It seemed to us that the question with the Spectator, now that misapprehension had been removed, came down to the simple question whether in future the editor was prepared to receive notices from the Committee on these terms, which represent the hitherto accepted understanding. No one can be forced to receive ‘D’ notices if he does not subscribe to the implications of the system; and it is true that a weekly of the Spectator’s character is only marginally concerned with most of the subjects with which they deal.

79. We asked Mr. Lawson to let us know his position on this, and after consideration he furnished us with a letter dated 17th April, the contents
of which we think it best to set out in full in Appendix III(B). As will be seen, Mr. Lawson suggests that there are certain considerations of public interest that make it undesirable that editors should be required to treat ‘D’ notices received by them as confidential in all circumstances and that an editor should be entitled to publish one at his discretion, after giving advance warning of his intention to the Services, Press and Broadcasting Committee and attending to any arguments against publication that they might put to him.

80. It is, we suppose, really a matter for the Committee to decide whether they would be prepared to circulate ‘D’ notices subject to these suggested qualifications as to their confidential nature. We are not ourselves prepared to recommend to them the adoption of this idea. It is not that there is no weight in what is said about the public interest. But, if one takes the view, as we certainly do, that there is always a security objection to the publication of a ‘D’ notice and that the drawing of distinctions between their respective bearings on security is not a fruitful exercise, we think that this is one of those issues upon which the security consideration ought to prevail. After all, the system has been operating for more than 20 years with the assent of a great many editors of a wide variety of journals, and it does not appear that in that time any editor has felt that his public duty required him to violate the confidentiality or to protest against it. We would not, therefore, advise the introduction of special qualifications into a scheme, which gains by the observance of simple general rules, in order to provide for exceptional situations which are likely to develop, if at all, only very rarely.

Conclusions and recommendations

81. For convenience we summarise our conclusions and recommendations as follows:—

(1) No new practice has been introduced in recent years in the procedure for the interception of telegrams which departs from the practices previously observed. (Paragraph 16.)

(2) The Daily Express article of Tuesday, 21st February was not inaccurate in any sense that could expose it to hostile criticism on that score. (Paragraph 18.)

(3) The question whether there was a breach of the ‘D’ notice of 27th April, 1961 is not one that admits of a simple answer based on a mere reading of the words of the notice itself. (Paragraph 51.)

(4) At first reading the interception of cables appears clearly to be a form of “secret intelligence or counter intelligence methods and activities in the United Kingdom” as referred to in the ‘D’ notice of 27th April, 1956. Nevertheless, a narrower interpretation of this ‘D’ notice has prevailed in practice and, in view of this, it would not be right to say that the Daily Express article of Tuesday, 21st February amounted to a breach of this ‘D’ notice. (Paragraphs 53–60.)

(5) We invite the attention of the Services, Press and Broadcasting Committee to the desirability of rewriting the ‘D’ notice of 27th April, 1956 to clarify its application and we suggest that some wider restriction would be justified (paragraphs 56 and 57).
(6) The wording of the ‘D’ notice of 30th October, 1961 is cryptic but we do not think that there was any breach of it. (Paragraphs 59 and 60.)

(7) We find no evidence to indicate that the editorial decision to publish the article was taken with a deliberate intention of evading or defying ‘D’ notice procedure or conventions. (Paragraph 62.)

(8) There is not much in the way of alteration that could usefully be recommended for the ‘D’ notice system. (Paragraph 65.)

(9) We think it unsatisfactory that the Secretary of the Services, Press and Broadcasting Committee should be the Government spokesman on questions that lie outside ‘D’ notices and turn on the general national interest. (Paragraph 69.)

(10) The Secretary should make it his practice to report at once for instructions to the Chairman of the Services, Press and Broadcasting Committee if he finds himself in unresolved dispute with a newspaper as to the application of a ‘D’ notice or, possibly, protesting against a proposed publication on grounds of security interest to which current ‘D’ notices have no apparent application. (Paragraph 70.)

(11) The Chairman of the Services, Press and Broadcasting Committee may on occasion wish to ask his colleague on the Committee, the second Permanent Under Secretary of State, Ministry of Defence, to act as his deputy for these purposes. (Paragraph 70.)

(12) The Secretary ought to have a deputy in his post. (Paragraph 71.)

(13) Effort must be made to see that the Secretary is properly informed as to the facts that lie behind any ‘D’ notice request. (Paragraph 71.)

(14) Two of the three second Permanent Under Secretaries of State, Ministry of Defence, should cease to be members of the Services, Press and Broadcasting Committee, and room should be found for representation of other Departments. The Permanent Under Secretary of State, Home Office and a Deputy Under Secretary of State, Foreign Office would be suitable persons to fill these places. (Paragraph 72.)

(15) We accept that the Editor of the Spectator published the ‘D’ notices under the misapprehension that his paper was not a participant in the ‘D’ notice system. Nevertheless we think that the only safe rule if there is to be a ‘D’ notice system at all, is that all notices be treated as confidential documents, guarded with care under editorial control and withheld from publication. (Paragraphs 76 and 77.)

(16) We cannot recommend the suggestion made by the Editor of the Spectator that there are certain considerations of public interest that make it undesirable that editors should be required to treat ‘D’ notices received by them as confidential in all circumstances and that an editor should be entitled to publish one at his discretion, after giving advance warning of his intention to the Services, Press and Broadcasting Committee and attending to any arguments against publication that they might put to him. (Paragraph 80.)
82. In conclusion, we wish to record our appreciation of the services of our Secretary, Mr. D. J. Trevelyan. He was of great assistance to us in the assembly of the material that we had to consider and his wide knowledge of the processes of Government and his grasp of the issues that presented themselves in the course of our inquiry did much to help up in carrying it to completion.

D. J. TREVELYAN,
Secretary.
17th May, 1967.

RADCLIFFE.
EMANUEL SHINWELL.
SELWYN LLOYD.
APPENDIX II

Services, Press and Broadcasting Committee

Chairman

Official Members
Sir Ronald Melville, K.C.B., Secretary (Aviation), Ministry of Technology.

Newspaper Proprietors' Association Representatives (Nationals)
L. A. Lee Howard, Daily Mirror.

Newspaper Society Representatives (Provincials)
Frank Owens, Birmingham Evening Mail.
Windsor Clarke, Westminster Press Provincial Newspapers, Ltd.

Scottish Daily Newspaper Society Representative
Robert D. Kernohan, Glasgow Herald.

Agencies Representatives
J. Williamson, Press Association.
Trevor Smith, O.B.E., Melbourne Herald Cable Service.

Periodical Proprietors' Association Representatives (Technical Press)
B. W. Pendred, The Engineer.

B.B.C. Representative

I.T.N. Representative
Sir Geoffrey Cox, Kt., C.B.E., I.T.N.

Secretary
Colonel L. G. Lohan, M.B.E., T.D.

APPENDIX III

A

'Spectator': 10th March, 1967
'D' notices and the 'Spectator'

A certain amount of interest appears to have been aroused by the publication, in last week's Spectator, of the two 'D' notices first referred to by the Prime Minister in the House of Commons on 21st February. That is not unnatural. Some of the comments made, however, clearly betray a misunderstanding both of our reasons for deciding on this step and, in particular, of the circumstances in which the decision to publish was taken. It would be wrong to allow these misunderstandings to continue.
Many newspaper offices possess files of ‘D’ notices, supplied to them by the Services, Press and Broadcasting Committee. It is a convention that they do not take advantage of this by publishing any of these notices. The Spectator does not—and did not—possess a single ‘D’ notice. Neither the present Editor of the Spectator, nor any member of his staff, has ever received any communication of any kind from the Services, Press and Broadcasting Committee. Nor had any one of them ever seen a ‘D’ notice until Alan Watkins was permitted, on 28th February, to copy out the text of the two notices to which the Prime Minister had referred. Regrettably, although perhaps not surprisingly, recollections of the conversation that took place on that occasion appear to differ. Alan Watkins is prepared at any time to give his own account of the conversation to the Radcliffe Committee set up to inquire into the matter of the Daily Express and the ‘D’ notice system, should that committee invite him to do so; and for the present it is proper to leave the matter there.

Of far greater importance, however, is the question of the decision to publish itself. Broadly speaking, ‘D’ notices come in two kinds. First, there are those notices which request the press not to refer to a specific, named, secret. Plainly, publication of a ‘D’ notice of this type would be both a contravention of the notice itself and a breach of security. As well as this, however, there is a group of notices which ask the press not to publish information of a particular class which is merely described in general terms in the notices themselves. Publication of a ‘D’ notice of the second kind is not a contravention of that notice, reveals no secret and constitutes no breach of security. The two ‘D’ notices referred to by the Prime Minister and published in last week’s Spectator were of this second kind.

Nevertheless, we should not have taken the unprecedented decision to publish them had we not believed that it was clearly in the public interest to do so. At question time in the House of Commons on 21st February the Prime Minister had no need to accuse the Daily Express of “a clear breach of two ‘D’ notices”. Until he did so, the only questions in the minds of Members of Parliament and the public alike were whether the Daily Express allegations about cable-vetting, and its hints that cables were being passed on to the Treasury and Board of Trade, were true or false; and, if true, under what authority these activities were being carried out. Once he had gratuitously decided to make an issue of the two ‘D’ notices, however, a totally new situation arose. For the first time the precise wording of a specific ‘D’ notice—as against the nature of the system itself—had become a major public issue. The only way in which either the public or the House of Commons could reach an informed judgment on this issue was by studying the two ‘D’ notices concerned. This we enabled them to do.

B

The Spectator,
99 Gower Street,
17th April, 1967.

Dear Lord Radcliffe,

When I appeared before your Committee on 11th April you asked me to consider the possibility of a solemn undertaking not to publish any ‘D’ notice being made an explicit condition of a newspaper’s inclusion in the system, and you further asked me to indicate whether, on these terms, the Spectator would elect to be within or outside the ‘D’ notice system. This question clearly gets right to the heart of the matter, and I am most grateful to you for your courtesy in allowing me time to give a thoroughly considered reply.

My answer is as follows. If the choice before a newspaper editor were as you suggest, the Spectator would, with misgivings, choose to be included in the ‘D’ notice system, rather than remain outside it; broadly on the grounds that
it is in the public interest that newspapers should be part of the 'D' notice system.

I would, however, strongly deprecate a situation in which newspapers were forced to choose between inclusion in the system, on condition that they gave a binding commitment not to publish any 'D' notice, in whole or in part, in all circumstances; and total exclusion from the system. I would suggest that the question of publication might more appropriately be dealt with in some other way. For example, a newspaper might give an undertaking that it would not on no account publish the text of a 'D' notice, in whole or in part, without first announcing its intention, and explaining its reasons, to the Services, Press and Broadcasting Committee.

The Committee would then consider whether or not publication was in the public interest and give its verdict. If it were to decide that there were good reasons for the proposed publication, and no security objections to this course, then all newspapers would be free to publish with the Committee's acquiescence. If, however, it were to decide against publication, then this would normally be respected by the editor of the newspaper involved. He would, however, in the last resort, still retain the right to publish if he still felt strongly that it was in the public interest to do so, taking his chance with the Official Secrets Acts in the normal way. This procedure would, however, have enabled the Committee (a) to receive advance warning of his intention, and (b) to present to the editor concerned the arguments against publication.

It seems to me that a system along the lines I have suggested would be more in keeping with a voluntary system in general and the existing 'D' notice system in particular than would the requirement that any newspaper that is part of the system must sign a binding declaration not to publish under any circumstances. It would, for example, clearly make nonsense of a 'voluntary' system if membership of it were dependent on newspaper editors agreeing to accept requests as commands; and the question of publication, although different, is analogous to this. In other words, I am suggesting that the requirement not to publish 'D' notices, in whole or in part, should in effect have a status similar to that of a 'D' notice request, rather than that of a binding and unchallengeable commitment.

I think it is only right to add that, in my opinion, the question of the desirability of publishing a 'D' notice, in whole or in part, is likely, in practice, to arise only very rarely indeed. The statements made in the House of Commons by the Prime Minister about the Daily Express, which led the Spectator to publish the two 'D' notices referred to, were most exceptional; and I would not expect this sort of situation to occur at all frequently in the future.

Yours sincerely,

(Sgd.) Nigel Lawson,
Editor.
APPENDIX III

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The Application of the 'D' Notice Procedure to the Case

The operation of the 'D' notice procedure was described in the Report on Security Procedures in the Public Service*. Essentially this procedure has remained unaltered, as the Radcliffe Committee recommended, although the Services Press and Broadcasting Committee has recently commissioned a review of the 'D' notices in force, to determine what amendments and clarifications to them may be necessary; and this is now nearing completion.

2. Of the sixteen 'D' notices currently in force, the two relevant to the present situation are those issued on 27th April, 1956, and 30th October, 1961. The first of these covers, inter alia, "secret intelligence or counter-intelligence methods and activities in or outside the United Kingdom"†; and the second covers

(a) the nature of cyphering work carried out in Government Communications Establishments; and

(b) the various methods used in the interception of foreign communications for secret intelligence purposes.

3. 'D' notices are designed to indicate the subject matter which it would be against the interests of national security for the Press to disclose. They are issued with the approval of the Committee as a whole, including its Press members, and are therefore in the nature of self-denying ordinances. Perhaps the most important function of the Secretary of the Services Press and Broadcasting Committee in working this system is to provide a service of advice to newspapers about whether any particular story or piece of copy falls under a 'D' notice. This is often a question of relating the content of the story to the actual secret activity in question. Here the Secretary of the Committee is of course in a far better position to judge the matter than the newspaper which is not and cannot be as fully informed of the exact nature of the secret activity, or of the damage to national security that might be caused. This is precisely the area in which the application of the 'D' notice system becomes a matter of trust and confidence between the newspaper and the Secretary of the Committee, as the Report of the previous Radcliffe Committee emphasised‡.

4. In the present case the content of the Press story was essentially that copies of all overseas telegrams from the private cable companies and/or the G.P.O. were scrutinised by security authorities. This is substantially true, though the several variants of the story were inaccurate in detail particularly.

The actual secret activity in question was...

The Press stories revealed enough of this activity to give a strong indication of its true nature...

5. In the official view therefore there is no doubt that the story falls under the relevant part of both the two 'D' notices...

6.

7. The Daily Express appeared to have argued that as the Official Secrets Act contains powers to require cable companies by Warrant to make copies of telegrams available, there could be no objection to publishing a story about this practice. But the Official Secrets Act merely conveys powers; it does not describe how they are used or reveal that any categories of telegrams are in fact made available for scrutiny.

8. In arguing with Colonel Lohan, Mr. Chapman Pincher contended that the 'D' notice of 1956 did not apply to the story because its application in this case had been nullified by the 'D' notice of 31st October, 1957 (q.v.). This latter 'D' notice was issued as a result of the publication of the Birkett Report§ and was to the effect that the Press could no longer be asked to maintain secrecy on the

* Cmd. 1681 of April 1962, Chapter 9.
† 'D' notice of 27th April 1956 paragraph 3 (i).
‡ Paragraphs 125 and 131.
§ Cmd. 283 of October 1957—Report of the Committee of Privy Councillors appointed to inquire into the Interception of Communications.
use of "telephone tapping" as one of the methods employed by the security service. Mr. Pincher maintained that the practice of intercepting telegrams was exactly parallel with telephone interception and that disclosure of it was therefore also exempted from the terms of the 1956 'D' notice. This argument appears to have no real basis. The 1957 'D' notice referred only to "telephone tapping", which is not the same practice as that of collecting and scrutinising copies of telegrams. The reason for the 1957 'D' notice was that the official use of "telephone tapping" for certain purposes had already been disclosed in the Birkett Report.

9. All clandestine operations for intelligence or security purposes must obviously by their very nature be conducted away from the light of publicity and cannot properly achieve their purpose or even be carried out at all if they become a matter of public discussion. If the methods used are discussed publicly even to an extent that is not in itself damaging to security, this is liable to lead to further enquiry and disclosures that will be damaging. In the present case, for example. . . . Moreover, sensationalised accounts of such arrangements are liable to create a situation in which it could become necessary either to make public actual details of the operation and of the issues at stake in order to assuage public anxiety, or to suspend the operation altogether. The first of these alternatives would certainly rob the operation of some of its remaining value. The second would place this country at a very serious disadvantage, . . .

10. . . . Public disclosure of this practice is liable to diminish its value and effectiveness and for this reason it was protected by 'D' notice.

A (ii)

(GOVERNMENT SUBMISSION TO THE RADCLIFFE COMMITTEE)

The Circumstances surrounding the Publication of an Article in the Daily Express of 21st February entitled "Cable Vetting Sensation" in relation to the 'D' notice System

PART I

NARRATIVE OF EVENTS

1. This narrative covers official dealings with the Press and with the Secretary of the Services Press and Broadcasting Committee, Colonel L. G. Lohan, over the episode in question. Colonel Lohan will be producing separately to the Enquiry his own account of these events and of what passed between him and the representatives of the newspapers concerned. Although he is in a sense a government official and is paid as such, he is essentially the servant of the Committee, which is not a governmental body and contains a majority of unofficial members. It has therefore not been thought proper for him to participate in drawing up this account of events from the official side, although the explanations he gave the Chairman of his Committee, Sir James Dunnett, at the request of the Prime Minister, have been included and taken into consideration, and this narrative of course covers the conversations he had with Government officials at the time. There is thus no reason to suppose that he would dissent from it in any important particular.

2. The background against which these events took place is that the 'D' notice system is voluntary and rests upon goodwill and mutual understanding. The function of the Secretary is to help administer the system and to provide advice to the Press about what matters fall within a range of subjects covered by a particular 'D' notice or notices. If he requests a newspaper not to publish a story it follows that he considers or has received official advice that the subject matter falls under a 'D' notice. Thereafter, as the system is not mandatory, his only weapon in trying to ensure that the newspaper does not use the story is persuasion. His consultations with officials on this occasion, as on other similar ones, therefore centred mainly on the problem of how far he could safely go and what line of argument he could use in this process of persuasion, without giving away secret information that should be withheld.
3. The leakage to the Press about the practice of scrutinising copies of overseas telegrams first came to official notice on Wednesday, 15th February 1967, ... On the same day the Chief Press Officer of the Ministry of Defence, Mr. N. Taylor, was approached by Mr. Angus Macpherson of the Daily Mail, who said he had heard that telex transmissions were collected once a day by the Ministry of Defence (M.O.D.), and screened by security officials. Mr. Taylor promised to investigate.*

4. On the afternoon of the following day, Thursday, 16th February, it appears that Mr. Chapman Pincher of the Daily Express consulted Colonel Lohan about a story to the effect that the Ministry of Defence collected from the G.P.O. copies of overseas telegrams; Colonel Lohan states that he told Mr. Pincher there was no 'D' notice mentioning this and that he advised Mr. Pincher to consult the Ministry of Defence and then to refer back to him. Shortly after 3 p.m., Mr. Pincher telephoned Wing Commander Harris of the Ministry of Defence Press Office and asked him about the story. Wing Commander Harris undertook to make enquiries.

5. Shortly after this second enquiry from the Press, Mr. Taylor, the Chief Press Officer at the Ministry of Defence, consulted Mr. . . . agreed that the best line for the Ministry of Defence Press Office to take was that the story was "nonsense". This line was decided because the Ministry of Defence are not in fact engaged in the collection or the scrutinising of file copies of overseas telegrams or telex communications.

6. At 6 p.m. on the evening of 16th February, Mr. Taylor (Ministry of Defence Chief Press Officer) accordingly told Mr. Macpherson of the Daily Mail that the story was "nonsense". Wing Commander Harris gave a similar reply, on an unattributable basis, to Mr. Pincher of the Daily Express. On the same evening, Mr. Pincher also approached the G.P.O. Press Office with a similar story, alleging that copies of all cables being sent out of the country were being sent to the Ministry of Defence in the old Admiralty building. After consulting the G.P.O., the Press Office told Mr. Pincher that his story was untrue. They did so for the same reason as the Ministry of Defence: that the story was factually incorrect†.

7. On the following morning, Friday, 17th February, . . . On learning of the situation Foreign Office called an urgent meeting that afternoon, with representatives of . . . to consider the line of action and comment to be taken. Meanwhile Mr. . . . had discussed the story with Colonel Lohan. After consulting . . . Mr. . . . asked Colonel Lohan to act as decisively as possible to get the article suppressed. Colonel Lohan then reported to . . . that the Daily Mail had agreed to drop the story on the understanding that they would not be "scooped"; and that Mr. Pincher had agreed to hold the story until Monday, 20th February, when he wished to discuss it with Colonel Lohan.

8. At the meeting in Foreign Office held by Mr. Ewart-Biggs it was agreed that

(a) the Security Service should brief Colonel Lohan to continue his efforts to get the Daily Express to suppress the story on 'D' notice grounds, without giving Mr. Pincher any gratuitous information about the actual interception of telegams or the extent and purpose of this. The relevant 'D' notices were those of 27th April, 1956, covering secret intelligence and counter-intelligence methods and activities, and of 30th October, 1961, covering the interception of foreign communications for secret intelligence purposes.

(b) in response to any press enquiries, spokesmen of all Whitehall departments concerned should take the line that they never comment on stories of this kind.

(c) . . .

* See Appendix I.
† See Appendix II.
Mr. Ewart-Biggs told the Permanent Under Secretary of the Foreign Office and the Secretary of the Cabinet of this proposed line of action and they agreed with it. The position was then reported to the Foreign Secretary, the Home Secretary, and later to the Prime Minister.

9. As had been agreed at the meeting, Mr. . . . of the Security Service spoke to Colonel Lohan that evening.* Colonel Lohan confirmed that the Daily Mail had undertaken not to carry the story and that Mr. Pincher would hold it over until he had seen Colonel Lohan on the following Monday.

10. Mr. Ewart-Biggs (Foreign Office) was in contact with Colonel Lohan on Saturday, 18th February and again on Monday, 20th February in order to learn how the matter stood and to discuss the line being taken with the Daily Express. Mr. . . . also spoke to Colonel Lohan on the morning of Monday, 20th February and there was consultation between the Foreign Office and . . . about the line that Colonel Lohan might take with Mr. Pincher. The object of this was to ensure that advice given to Colonel Lohan was properly concerted.

11. The basic position was obvious and quite clear:
   (a) that in the official view the story related to an activity covered by the ‘D’ notices of 1956 and 1961.
   (b) that Colonel Lohan should continue to do all he could to get Mr. Chapman Pincher to drop the story, on ‘D’ notice grounds.
   (c) that at the same time he should as far as possible avoid revealing the true nature, extent and purpose of the activity.

12. The problem about which Colonel Lohan needed official advice was how far he could go and what arguments he could use in seeking to convince Mr. Pincher. Colonel Lohan foresaw two difficulties. Firstly, the ‘D’ notice of 1961 referred to the interception of communications for secret intelligence purposes and it would therefore be difficult to convince Mr. Pincher that it applied without revealing what was actually involved. On this point Mr. Ewart-Biggs agreed that Colonel Lohan would not lean too heavily upon these words in the ‘D’ notice and that it would be better to take the line that the story involved an area of activity generally falling under ‘D’ notices and to give the impression, without going into details, that what was in question was a matter of the defence of the Realm.

13. Secondly, Mr. Pincher was taking the line that the story involved a large scale invasion of privacy and that he had therefore a public duty to publish it. It was agreed that if he thought it would help in countering this argument Colonel Lohan could—
   (a) tell Mr. Pincher that the activity in question was properly authorised under the Official Secrets Act, 1920, and
   (b) indicate, without going into details, that what was involved was not a wholesale censorship but was in fact extremely selective and that in order to identify particular communications on which there was a national security interest some kind of sorting process was necessary.

Mr. Ewart-Biggs accordingly gave Colonel Lohan this advice.

14. Colonel Lohan then lunched with Mr. Pincher. The position, as subsequently reported by Colonel Lohan to Mr. Ewart-Biggs† and Mr. . . . was that Colonel Lohan thought he had convinced Mr. Pincher not to use the story; Mr. Pincher had said he would refer to his Editor.

15. At about 3.30 p.m., Colonel Lohan told Mr. . . . that the story was being referred by both papers to their senior Editors because each was afraid of being “scooped” by the other. Colonel Lohan repeated this information later to Mr. . . .

* See Appendix V.
† See Appendix VI.
Mr. Ewart-Biggs told the Permanent Under Secretary of the Foreign Office and the Secretary of the Cabinet of this proposed line of action and they agreed with it. The position was then reported to the Foreign Secretary, the Home Secretary, and later to the Prime Minister.

9. As had been agreed at the meeting, Mr. . . . of the Security Service spoke to Colonel Lohan that evening.* Colonel Lohan confirmed that the Daily Mail had undertaken not to carry the story and that Mr. Pincher would hold it over until he had seen Colonel Lohan on the following Monday.

10. Mr. Ewart-Biggs (Foreign Office) was in contact with Colonel Lohan on Saturday, 18th February and again on Monday, 20th February in order to learn how the matter stood and to discuss the line being taken with the Daily Express. Mr. . . . also spoke to Colonel Lohan on the morning of Monday, 20th February and there was consultation between the Foreign Office and . . . about the line that Colonel Lohan might take with Mr. Pincher. The object of this was to ensure that advice given to Colonel Lohan was properly concerted.

11. The basic position was obvious and quite clear:
   (a) that in the official view the story related to an activity covered by the 'D' notices of 1956 and 1961.
   (b) that Colonel Lohan should continue to do all he could to get Mr. Chapman Pincher to drop the story, on 'D' notice grounds.
   (c) that at the same time he should as far as possible avoid revealing the true nature, extent and purpose of the activity . . . .

12. The problem about which Colonel Lohan needed official advice was how far he could go and what arguments he could use in seeking to convince Mr. Pincher. Colonel Lohan foresaw two difficulties. Firstly, the 'D' notice of 1961 referred to the interception of communications for secret intelligence purposes and it would therefore be difficult to convince Mr. Pincher that it applied without revealing what was actually involved. On this point Mr. Ewart-Biggs agreed that Colonel Lohan would not lean too heavily upon these words in the 'D' notice and that it would be better to take the line that the story involved an area of activity generally falling under 'D' notices and to give the impression, without going into details, that what was in question was a matter of the defence of the Realm.

13. Secondly, Mr. Pincher was taking the line that the story involved a large scale invasion of privacy and that he had therefore a public duty to publish it. It was agreed that if he thought it would help in countering this argument Colonel Lohan could—
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   (b) indicate, without going into details, that what was involved was not a wholesale censorship but was in fact extremely selective and that in order to identify particular communications on which there was a national security interest some kind of sorting process was necessary.

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* See Appendix V.
† See Appendix VI.
16. At about 6 p.m., Colonel Lohan reported to Mr. . . . and then to Mr. Ewart-Biggs—

(a) that the Editor of the Daily Mail had definitely agreed not to publish the story;

(b) that Mr. Pincher had seen his Editor who had asked him to write up his story so that the Editor could see what it looked like and consult the Daily Express’s lawyers. Mr. Pincher had told Colonel Lohan that he did not think the Daily Express would publish the story, at all events that evening, and had undertaken to tell Colonel Lohan in advance if the paper did decide to publish.

17. At this stage Colonel Lohan told Mr. . . . that the Daily Express apparently thought that because the legal powers covering the practice were set out in Section 4 (1) of the Official Secrets Act (1920) they were entitled to publish. Mr. . . . replied that questions of law should not be confused with ‘D’ notice questions and that in this case H.M.G. were pinning their colours to the ‘D’ notice mast; he then suggested to Colonel Lohan that as there was now some risk of the story being published, he should perhaps consult the Chairman of the ‘D’ Notice Committee, Sir James Dunnett. Colonel Lohan reported the position to Sir James Dunnett shortly afterwards.

18. At about 7 p.m., Mr. Greenhill* (Foreign Office) told the Foreign Secretary what had happened during the day between Colonel Lohan and Mr. Pincher. The Foreign Secretary suggested that he should then telephone Sir Max Aitken and ask for the story to be suppressed. Mr. Greenhill advised that it would be better to handle the matter through normal channels for the time being. He explained that Colonel Lohan thought the Daily Express were unlikely to publish that night and that in any case there would be a further opportunity to comment (since Mr. Pincher had promised to give Colonel Lohan advance warning of any decision to publish).

19. Shortly before 10 p.m., Colonel Lohan told Mr. . . . and Mr. . . . by telephone that Mr. Pincher had just rung to say that the Daily Express were running the story in their Glasgow edition. Colonel Lohan added that he had at once tried to reach the Editor of the Daily Express, Mr. Derek Marks, but had been told that he was out. He had spoken to the Night Editor, who told him the story could not now be stopped. Mr. . . . immediately passed this information to Mr. Ewart-Biggs, who telephoned to Mr. Greenhill. Mr. Greenhill therefore telephoned the Foreign Secretary and suggested that he might now speak to Sir Max Aitken. At about 10.20 p.m., the Foreign Secretary telephone Sir Max Aitken† who said that he had Mr. Marks by his side. The Foreign Secretary explained that the ‘D’ notice machinery operated in this case and urged him not to print the story. Sir Max said “Very well, I will kill the story”. Mr. Greenhill informed Mr. Ewart-Biggs of this at about 10.30.

20. Meanwhile, however, Colonel Lohan had on his own initiative told the Daily Mail that the Daily Express were publishing the story. This was because, when the Daily Mail had undertaken not to use the story, Colonel Lohan had promised to warn them if the Daily Express did so. He had therefore felt obliged to tell them. However, on hearing from Mr. Ewart-Biggs that the Daily Express had agreed to kill the story, Colonel Lohan again got the Daily Mail to agree in their turn not to publish it. Not long afterwards the Daily Mail telephoned Colonel Lohan in understandable consternation to tell him that they now had in front of them a copy of the London edition of the Daily Express, carrying the story as a front page spread.

21. After the Foreign Secretary had spoken to Sir Max Aitken, Mr. Greig,‡ the Foreign Secretary’s Special Assistant, followed up the matter with Mr. Marks, the Editor of the Daily Express. Mr. Marks alleged that there had been a misunderstanding about the cable vetting story and a suggestion that it was

* See Appendix VII.
† See Appendix VIII.
‡ See Appendix IX.
covered by a ‘D’ notice the Daily Express had found to be incorrect. Mr. Marks added (somewhat disingenuously) that they had combed through the paper to make sure that there was no other story to which a ‘D’ notice could apply. Mr. Greig gave Mr. Marks particulars of the ‘D’ notice in question. Mr. Marks refused to agree that any promise had been made to the Secretary of State. He also claimed that the situation would never have arisen if the Daily Express had been given proper information about the ‘D’ notice earlier in the day. Just before 1 a.m., Mr. Marks telephoned Mr. Greig to say that he now accepted that the cable vetting story was covered by ‘D’ notices and would therefore take it out of the paper. Five minutes later he telephoned again to say that the story was now appearing in other papers, and as the Daily Express could not be put in the position of being the only paper without it, he had rescinded the order to take it out of the paper.

22. The story appeared in the first London and other subsequent editions of the Daily Express of 21st February (qv). It was also carried by the Daily Mail in their later editions, after they had seen it in the Daily Express. The Times and other newspapers also took the story from the Daily Express.

23. The Prime Minister, in answering a question by Sir James Langford-Holt in the House of Commons that afternoon about the ‘D’ notices, took the opportunity to make a statement to the effect that the ‘D’ notice system had been called into question by the action of one newspaper in initiating a sensationalised and inaccurate story purporting to describe a situation in which the powers and practice had not changed for well over 40 years. In reply to questions, the Prime Minister stated that this was a clear breach of two ‘D’ notices, despite the fact that the newspaper concerned was repeatedly warned that it would be contravening the notices.*

24. The Daily Express of the next day, 22nd February (qv), contained an article by Mr. Pincher and a leading article purporting to refute the Prime Minister’s statement. In his article, Mr. Pincher alleged—

(a) that Colonel Lohan had agreed with him on the afternoon of 20th February that neither of the two ‘D’ notices of 27th April, 1956, and 30th October, 1961, could reasonably be applied to the matter in question; and

(b) that after the Prime Minister’s statement in the House on 21st February Colonel Lohan had confirmed this.

25. Accordingly, the Prime Minister requested Sir James Dunnett, who is Chairman of the Services, Press and Broadcasting Committee, to obtain an explanation from Colonel Lohan. Colonel Lohan provided a statement of his telephone conversation on the afternoon of 21st February with Mr. Pincher. On the basis of the account he received from Sir James Dunnett of Colonel Lohan’s explanations, the Prime Minister made a further statement in the House of Commons on the following day, 23rd February, in which he repeated that the story published was a breach of the long standing ‘D’ notice convention and that this had been made clear to those concerned.†

PART II

INFERENCES TO BE DRAWN FROM THE NARRATIVE

From the evidence and sequence of events set out in Part I it seems clear that:

(i) The official view that the secret activity to which the story related was covered by the ‘D’ notices of 27th April, 1956 and 30th October, 1961, was conveyed to Colonel Lohan, as the basis of his request to the Daily Express and the Daily Mail under the ‘D’ notice procedure not to publish the story. His problem lay in persuading Mr. Chapman Pincher of the Daily Express that the story should not be published on

† Hansard 23rd February, Col. 1975.
‘D’ notice grounds, while at the same time avoiding giving away to a
journalist known to be persistent in his pursuit of intelligence and security
matters any secret information about what was actually involved.

(ii) when deciding to publish the story the Daily Express were aware first
that they had been requested under the ‘D’ notice procedure not to do
so, and secondly that the ‘D’ notices in question were those of 27th
April, 1956 and 30th October, 1961. Colonel Lohan produced these two
‘D’ notices to Mr. Chapman Pincher and said he was basing his
arguments upon them. Mr. Pincher had himself consulted Colonel Lohan
about the story in the first instance, which showed that there was some
question in his mind whether it might not fall under a ‘D’ notice.
When he was subsequently asked not to publish the story by Colonel
Lohan, the ‘D’ notice authority, he would have known that the only
possible basis for this request was that, in Colonel Lohan’s informed
view, the subject matter of the story fell under a ‘D’ notice. Early on
Tuesday morning, the Editor of the Daily Express admitted to Mr. Greig
that the ‘D’ notices applied to the story (Appendix IX).

(iii) The Daily Express did not carry out the assurance given to the Foreign
Secretary by Sir Max Aitken, Chairman and Joint Managing Director
of Beaverbrook Newspapers Ltd., that the story would be “killed”.

(iv) The Daily Express did not fulfil the understanding between Mr. Chapman
Pincher and Colonel Lohan to give advance warning of any decision
to publish the story. Colonel Lohan was thus misled into thinking
that there would be a further opportunity to approach the Editor of
the Daily Express before a decision to publish was carried out. By the
time Mr. Chapman Pincher told Colonel Lohan that the story was to be
used in the Glasgow edition of the Daily Express, all the necessary
arrangements must in fact already have been made for running the

(v) The Daily Mail properly complied with Colonel Lohan’s request not to
use the story: they later published it only because the Daily Express
had already done so. The explanation given by the Editor of the
Daily Express to the Foreign Secretary’s Special Adviser, that he had
rescinded an order to take the story out of the paper because it had
already appeared in other papers, ignored the fact that the other papers
had only used the story after and because they had already seen it
in the Daily Express.

APPENDICES

I A memorandum from the Ministry of Defence on their part in the affair.
II A note from the G.P.O. on their dealings with the press.
III A record made by Mr. Ewart-Biggs (Foreign Office) on the 23rd February
of his dealings with other Government departments and with Colonel
Lohan.
IV . . . .
V A memorandum from the Security Service on their dealings with Colonel
Lohan.
VI A Diary of Events, on the afternoon and evening of 20th February,
recorded by Mr. Ewart-Biggs that night.
VII A minute by Mr. Greenhill recording his part in the affair.
VIII A record by the Foreign Secretary of his conversation with Sir Max Aitken.
IX A minute by Mr. Greig on his dealings with the Daily Express on the night
of the 20th February.
MEMORANDUM ON MINISTRY OF DEFENCE PART IN RECENT PRESS STORIES ABOUT ‘D’ NOTICES

1. Mr. Neville Taylor, the Chief Press Officer of the Ministry of Defence, received a telephone call from Mr. Angus Macpherson (Defence Correspondent Daily Mail) on Wednesday, 15th February. Mr. Macpherson said that his paper had received a “tip” to the effect that copies of Telex transmissions to overseas countries handed in at Post Offices were being delivered once a day to the Ministry of Defence where they were kept for 48 hours and screened by security officials. He asked Mr. Taylor to follow up this enquiry. Mr Taylor explained that he was extremely busy on preparations for the publication of the Defence White Paper on the following day and would therefore not be able to take any action until after the White Paper had been published. Mr. Macpherson accepted this delay. Mr. Taylor made no comment on the story beyond promising to make enquiries: he did however warn Mr. Macpherson that “if there was anything in the story I may find we can make no comment at all to help you”.

2. Shortly after 3 p.m. on Thursday, 16th February, Mr. Chapman Pincher of the Daily Express telephoned Wing Commander Harris in the Defence Press Office with a similar story to that given to Mr. Taylor by the Daily Mail. Wing Commander Harris told Mr. Pincher that a similar story had been received from another paper and undertook to make enquiries and ring him back.

3. Shortly after this second Press enquiry, Mr. Taylor telephoned Mr. . . . and told him about the enquiry from the Daily Mail and the Daily Express. Mr. . . . said that he had no reason to suppose that the Ministry of Defence could have anything to do with censoring foreign cables. Mr. Taylor was given the impression that the Press story in its present form did not make sense. Mr. . . . undertook to make enquiries and telephone Mr. Taylor as quickly as possible because any delay would be likely to arouse Press suspicion.

4. Following the telephone call from Mr. Taylor Mr. . . . got in touch with Mr. . . . Security Service and passed the story on to them. Mr. . . . was subsequently told by Mr. . . . Security Service, that the matter had been referred to Mr . . . who would shortly be getting in touch with him. The advice subsequently given to Mr. . . . by Mr. . . . was that the story was undoubtedly untrue and that our Press Office should be instructed to say so to the newspapers.

5. Mr. . . . accordingly telephoned Mr. Taylor and told him that the Press Office could definitely inform both the Mail and the Express that their stories were “nonsense” but he asked that the Press Office should report any further information gleaned from the two papers about the details of their stories or of the way in which they had obtained them. Mr. Taylor undertook to report any such further information to Mr. . . . but pointed out that it would be important not to do anything to arouse the suspicions of the two Press reporters.

6. At 6 p.m. on Thursday, 16th February, Mr. Taylor telephoned Mr. Macpherson and told him that his story was nonsense and that the Daily Express had made similar enquiries and were being given a similar reply. Mr. Macpherson said that he would get his office to “drop the story” providing we were certain that the Express would also drop it. Mr. Taylor replied that he could of course not guarantee that the Express would not print the story but unless he telephoned him back again he could assume that the Daily Express were also prepared to drop it.

7. At about the same time on the evening of Thursday, 16th February, Wing Commander Harris gave a similar unattributable reply to Mr. Pincher. He added that we were astonished to hear the story and thought it ludicrous.
Mr. Pincher appeared to be satisfied when told that the *Daily Mail* had received the same answer but he added that he was certain there was some substance in the story because he had had some confirmation of it from another source.

8. On Friday, 17th February, Mr. . . . was telephoned by Mr. . . . who said that they were dealing with the matter and were in touch with the Foreign Office. Mr. . . . said that he would let . . . know if any further information were obtained from our Press Office.

9. Later in the morning on Friday, 17th February, Mr. . . . saw Wing Commander Harris who reported his conversation with Mr. Pincher on the previous evening. Wing Commander Harris said that in his view Mr. Pincher was unlikely to let the matter drop as he thought he was on to a story which was substantially true and would not be fobbed off by official denials. Mr. . . . told Wing Commander Harris that for the time being the Press Office should maintain that it was untrue that the Ministry of Defence had anything to do with monitoring foreign cables. In fact, there was no further enquiry from the Press about this story so that this answer was not used.

10. On Sunday, 19th February, Mr. Taylor received another telephone call at home from Mr. Macpherson. Mr. Macpherson said that he thought the Press Office was being “badly let down” over the enquiry he had made on Thursday. He asked whether Mr. Taylor knew that the matter was now in the hands of the Services Press and Broadcasting Committee and that both the *Express* and *Mail* had been “warned off publication” by the Secretary of the Committee and also whether he had known this when he had told him (Mr. Macpherson) on Thursday that his story was “nonsense”. Mr. Taylor assured Mr. Macpherson that he had been completely unaware of this development and was as surprised as Mr. Macpherson to hear that the question of ‘D’ notices was involved. Mr. Taylor promised to report to the Chief of Public Relations in the Ministry of Defence this complaint that the Ministry of Defence had intentionally misled the *Daily Mail* on Thursday. Mr. Macpherson accepted the assurance that Mr. Taylor had no ground for querying the guidance he had given him.

28th February, 1967.

APPENDIX II

MEMORANDUM BY THE GENERAL POST OFFICE

1. On the afternoon of Thursday, 16th February Chapman Pincher telephoned the Director of the Public Relations Department of the Post Office saying that he understood that all cables going out of the country were copied and the copies sent to the Ministry of Defence in the old Admiralty building.

After consulting the Post Office Department responsible for overseas communications the D.P.R. rang Chapman Pincher at about 5 p.m. and told him the story was untrue, to which Chapman Pincher replied that he had good evidence that it was true. D.P.R. repeated his statement and left the matter at that.

2. At about 10.30 p.m. on 20th February *The Times* newspaper enquired by telephone of the Duty Officer what the Post Office had to say about the article which they said would appear in the *Daily Express* the following morning alleging cable vetting. The reply was that the Post Office had no comment to make.

At about 12 midnight *The Times* pressed for comment and the reply was to the effect that it was an offence to open or delay a postal packet except under a warrant signed by a Secretary of State and that it was assumed that similar provisions applied in the case of telegrams or cables. When pressed further the Duty Officer said he could not possibly say what numbers of cables might be involved.

1st March, 1967.
THE DAILY EXPRESS AND THE ‘D’ NOTICES

On 17th February I heard from . . . that the Daily Express and the Daily Mail had got hold of a story that the G.P.O. and the four private cable companies furnished the Ministry of Defence with copies of overseas telegrams. After further consultation with . . . and with the Security Service I held an urgent meeting that afternoon with representatives of . . . to consider what line of action or comment should be taken. At this meeting it was decided that the Security Service, either directly or through . . . should brief Colonel Lohan to continue his efforts with the Daily Express to stifle the story by indicating that the subject came under the terms of the ‘D’ notices, without giving Mr. Chapman Pincher any gratuitous information about the actual interception of telegrams or the extent and purpose of this. It is clear from the minutes of this meeting that my intention was that Chapman Pincher should be told that a story along the lines he envisaged would contravene the ‘D’ notice, and the conclusions of the meeting showed that this was agreed.

2. I was myself in touch with Colonel Lohan by telephone on 18th February (Saturday) and 20th February in order to learn how the matter stood and to discuss the line he was taking with the Daily Express. Before speaking to him on 20th February, I talked to . . . in order to make sure that the advice given to Colonel Lohan was concerted. I also consulted Mr. Greenhill.

3. As a result of this, the general line of advice I gave to Colonel Lohan was

(i) that he should do all he could to get Chapman Pincher to drop the story, which covered an area of activity falling under the ‘D’ notices of 1956 and 1961.

(ii) . . .

I was anxious that anything said to Mr. Chapman Pincher should not . . .

4. There was obviously a difficulty for Colonel Lohan in that . . . To go into details with Mr. Chapman Pincher about why the story infringed this ‘D’ notice thereby carried the danger of admitting the actual nature of the operation to him . . .

5. I understood that Chapman Pincher was taking the line that the story involved a large scale invasion of privacy and that it was therefore his duty in the public interest to publish it. In order to counter this argument Colonel Lohan wished

(i) to tell Chapman Pincher that the activity in question was properly authorised under the Official Secrets Act of 1920, and

(ii) to indicate that what was involved was not a wholesale censorship, but was in fact extremely selective, and that in order to identify particular communications in which there was a national security interest some kind of sorting process was obviously necessary.

I confirmed that if Colonel Lohan thought it would help to get Chapman Pincher to drop the story, he could use this line of argument at his discretion, provided that he did not give away details of what was actually involved.

6. As a premise to all this I understood the position to be that Colonel Lohan was requesting the Press not to publish the story on ‘D’ notice grounds, and that the two ‘D’ notices in question were those of 27th April, 1956, which covers secret intelligence or counter intelligence methods and activities, and of 30th October, 1961, which covers the interception of communications. This seems to be borne out by Colonel Lohan’s statement that he produced these two ‘D’ notices to Chapman Pincher on 20th February and indicated that he was basing his arguments on them. It also seems implicit in the very fact that
Colonel Lohan, as the ‘D’ notice authority, asked the Press not to publish the story. It is in fact Colonal Lohan’s raison d’etre to advise the Press on the application of ‘D’ notices.

7. I have in my own mind no doubt that the Daily Express realised throughout that in the view of H.M.G. the publication of their story would involve an infringement of the ‘D’ notice procedure. All the evidence seems to show that they had decided, well before either

(i) Chapman Pincher told Colonel Lohan that the story would be run in the Glasgow edition; or

(ii) Sir Max Aitken told the Secretary of State that the story would be killed,

to set in train all the necessary arrangements to publish the story as a front page spread in their London edition.

(Signed) C. T. E. Ewart-Biggs.

APPENDIX IV
[not published]

APPENDIX V

SECURITY SERVICE ACTION IN BRIEFING COLONEL LOHAN FOR HIS DEALINGS WITH CHAPMAN PINCHER OVER “CABLE VETTING”

Following the meeting of officials on Friday, 17th February, at which it was decided that Colonel Lohan should be asked by the Security Service to try to stop the story on ‘D’ notice grounds, Mr. . . . spoke to Colonel Lohan by telephone that evening at his house. Lohan then confirmed that Pincher had agreed not to publish his story, pending a meeting with Lohan on the following Monday. The action already taken by Lohan with Pincher had apparently originated in a previous request telephoned to Lohan by . . . agreed to resume discussions with Lohan on Monday morning over a scrambler telephone, and then reported the above conversation to Ewart-Biggs of the Foreign Office.

2. On Monday morning . . . spoke to Lohan again. He told him that the Foreign Office attached the greatest importance to killing the story and referred to the ‘D’ notice of 27th April, 1956, and the ‘D’ notice of 30th October, 1961. Lohan said that Ewart-Biggs had already been in touch with him on the Saturday and had asked him to use the ‘D’ notice of 30th October, 1961; he had, however, also asked Lohan to keep off . . . and Lohan foresaw difficulties in trying to conduct his conversation with Pincher if he was tied in this way. . . . concluded that if Lohan was to have a clear brief for his meeting with Pincher, it needed to come from a single source. He therefore told Lohan that he would arrange for Ewart-Biggs to brief him direct and later spoke to Ewart-Biggs and arranged for him to do this. Subsequently, Lohan telephoned to . . . and said that Ewart-Biggs had approved the explanation Lohan wished to be allowed to use with Pincher in dealing with the activity which formed the basis of Pincher’s story.

3. . . . gave Lohan no further guidance on his dealings with Pincher. Their subsequent conversations consisted of reports from Lohan, from which it initially appeared that the Express would not publish or, at the very least, would give Lohan an opportunity for further representations before they did so.

4. Throughout the operation, . . . had no doubt that Lohan was basing himself on the ‘D’ notices and he was not aware that Pincher had claimed to Lohan during their meeting on Monday that they did not apply.

24th February, 1967.
Diary of events on 20th February

In the afternoon of 20th February, I telephoned Colonel Lohan to ask whether he had any further news about this matter. He told me that he had seen Chapman Pincher over lunch and had convinced him not to use the story; Pincher had said that he would refer to his editor. The Managing Editor of the *Daily Mail* had also said that he would see his Editor in Chief and advise against publication.

2. At about 6.15 p.m. Colonel Lohan reported to me that:
   (i) the Editor of the *Daily Mail* had definitely agreed not to publish the story;
   (ii) Chapman Pincher had seen his Editor who had asked him to write the story so that the Editor could see what it looked like and consult the paper's lawyers. Chapman Pincher did not think that the *Daily Express* would publish the story that evening, and undertook in any event to inform Colonel Lohan in advance. Colonel Lohan was thus confident that he would have enough warning from Chapman Pincher to allow him to take action with the Editor if there was a prospect of the story being published;
   (iii) Chapman Pincher had said that the informant, a student, had visited him again and had claimed to have given the story also to the *Manchester Evening News*, an American Press Agency, and the Press Association. Colonel Lohan thought he could deal with the Press Association, but considered that any approach to the *Manchester Evening News* might be counter-productive.

3. At about 10 p.m. Mr. . . . (Security Service) telephoned to say that he had heard from Colonel Lohan that the *Daily Express* were running the story in their Glasgow edition.

4. I immediately telephoned to Mr. Greenhill and we agreed that he would tell the Secretary of State and suggest to him that he might get in touch with Sir Max Aitken or the Editor of the *Daily Express*.

5. I then spoke on the telephone with Colonel Lohan who confirmed that Chapman Pincher had told him that the *Express* were running the story. He had written the story on instructions from his Editor and had played it down. Colonel Lohan had talked to the Night Editor of the *Daily Express* having been unable to obtain the Editor, Mr. Marks. The Night Editor had said that the story could not be stopped; it was anyway too late for this as the Glasgow edition would be going to press. Colonel Lohan told me he had promised the *Daily Mail* when they undertook not to publish the story that he would let them know if the *Daily Express* published it. He had therefore felt obliged on his own initiative to tell the *Daily Mail*. When I questioned this he explained that the *Daily Mail* would pick up the story anyway from the *Daily Express*.

6. I telephoned the News Department Duty Officer to make certain he was aware of the agreed line in response to questions.

7. At about 10.30 p.m. Mr. Greenhill telephoned to say that the Secretary of State had spoken to the *Daily Express* who had agreed to kill the story.

8. I at once telephoned to Colonel Lohan to tell him to let the *Daily Mail* know that the *Daily Express* would not be publishing the story and that it was imperative that the *Daily Mail* should refrain from using it themselves.

9. Colonel Lohan telephoned a few minutes later to say that the *Daily Mail* had agreed not to publish the story. He had told them only that the *Daily Express* would not now be carrying it.
10. I informed Mr. Greenhill. He told me that the Daily Express's condition for not publishing had been that they should be told the full story; we should therefore have to prepare a version for Colonel Lohan to give them.

11. I informed . . . of this development . . . I also informed the News Department Duty Officer (Mr. Maitland was not available), that the Daily Express had now undertaken not to publish the story.

12. At about 11.25 p.m. Colonel Lohan telephoned to say that he had just learnt from the Daily Mail that they had seen the London issue of the Daily Express which carried the story as a front page spread. I at once informed Mr. Greenhill. I then telephoned Colonel Lohan and asked him to find out from the Daily Express what the position was.

13. Mr. Greenhill telephoned shortly afterwards to say that he had heard from Mr. Greig. Mr. Marks, the Editor of the Daily Express, had said that he had telephoned to Glasgow to find out what the story was and that the Express were running it because there was no 'D' notice covering it. I confirmed to Mr. Greenhill that the subject matter of the story fell clearly under the 'D' notice issued in 1961 about the interception of communications; and that Colonel Lohan, as the 'D' notice authority, had asked the Daily Express not to use the story on 'D' notice grounds.

14. I informed . . . Meanwhile spokesmen would be taking the agreed line that we never comment on stories of this kind. I also informed Mr. Maitland of News Department and Mr. . . . (Security Service).

(Signed) C. T. E. Ewart-Biggs.


APPENDIX VII

'D' NOTICES

I returned from leave on 20th February and Mr. Ewart-Biggs informed me early that morning what action he had taken on the previous Friday and showed me the minute in which he had recorded the decisions of his meeting. I agreed with the action that he had taken and asked him to keep me informed during the day. Late in the afternoon, he told me that Colonel Lohan had informed him about his lunch with Chapman Pincher. Lohan had said that he thought he had persuaded Chapman Pincher not to publish the story and that if, contrary to his expectation, the paper decided to publish we would be given a further opportunity to comment.

2. About 7 p.m. that evening I saw the Secretary of State and told him what had happened during the day between Lohan and Pincher. The Secretary of State suggested that he should then ring Max Aitken and ask for that story to be excluded from the paper. I said that I thought it was better for the matter to be handled through the normal channels. The Secretary of State asked whether I thought the story would be published that night. I replied that Lohan had said he thought it unlikely and that in any case we should be given a further opportunity to comment.

3. At about 10 p.m., Mr. Ewart-Biggs 'phoned me at my home to say that the Daily Express had decided to run the story and it would shortly be appearing in the Scottish edition. I rang up the Secretary of State at Mr. Grierson's house and suggested that it might be useful if he now spoke to Sir Max Aitken. I repeated that I thought the story contravened the 'D' notice and should be stopped. After about 20 minutes, the Secretary of State rang back to say that he had spoken to Sir Max Aitken who had had the Editor of the paper with him. They had agreed to kill the story but would wish to know next day what the facts of the case were. I then informed Mr. Ewart-Biggs and he told me that he would tell Colonel Lohan.

4. An hour or so later, Mr. Ewart-Biggs rang me to say that in fact the Express were running the story. I said that I thought that nothing more could be done in the circumstances.
5. About 1 o’clock, Mr. Greig rang me to say that the Editor of the Express maintained that he had been told that no ‘D’ notice applied. After speaking to Mr. Ewart-Biggs, I then rang Colonel Lohan at his home who said that he had made it clear to Chapman Pincher that two ‘D’ notices applied but that according to his instructions, he had not leaned heavily on the 1961 ‘D’ notice. I then ’phoned Mr. Greig and told him what Lohan had said and suggested that he might wish to tell the Secretary of State.

D. A. GREENHILL.


APPENDIX VIII

MINUTE BY SECRETARY OF STATE FOR FOREIGN AFFAIRS

Denis Greenhill rang me when I was dining with Ronald Grierson: the time I guess was around 10 p.m. He told me that the Express were going to print a story about the interception of telegrams and he said this would be very bad for the national interest. He also told me that the Daily Express had been told that this was the subject of a ‘D’ notice. Being as I was then at a private house I could not use the Office machine. I therefore rang Sir Max Aitken at the Express. The time by then would be I guess about 10.20 p.m. I explained the situation to Sir Max who said “Derek Marks is by my side”, told him why the ‘D’ notice machinery operated in this case and urged him not to print the story, whereupon he said to me “Very well I will kill the story”. At that point my conversation with him ended. I was later telephoned and told that the story was not killed, was running, but there did not seem to be any point in going back to him again. And for the rest of the story I think you should pick up what Bill Greig has already recorded.

22nd February, 1967.

APPENDIX IX

(To) PRIVATE SECRETARY

The Secretary of State should be aware of the final exchanges last night with the Daily Express. Just before 1 a.m. Derek Marks, the editor, telephoned to say that he now accepted that the cable-vetting story was covered by ‘D’ notices, he would therefore take it out of the paper. Five minutes later he telephoned again to say that the story was now appearing in other papers and, as the Express could not be put in the position of being the only paper without the story, he had rescinded the order to take it out of the paper.

2. He asked me to inform the Secretary of State that he could not accept that there had been any promise made by Sir Max Aitken earlier in the day.

3. For the record I add the earlier exchanges between me and Derek Marks. My first understanding was that the story in question was a political one and I asked Marks what they were saying about the Foreign Secretary. He expressed great surprise, said there was nothing of any consequence about the Foreign Secretary and that he was puzzled by my enquiry. I asked if he knew that there had been a conversation earlier in the day between the Secretary of State and Sir Max Aitken, and he replied that there had been a misunderstanding about the cable-vetting story and a suggestion that it was covered by a ‘D’ notice. They had found this was incorrect and had combed the paper and the Scottish edition as well to make sure that there was no other story to which a ‘D’ notice might apply. After consulting the Secretary of State and Mr. Greenhill I gave Marks the date of the two ‘D’ notices but I impressed on him that the request for the story to be killed was being made on the basis of the promise made by Sir Max. He refused to agree that there had been a promise.
4. On the Secretary of State's instructions I phoned him a third time with a demand that he contact Sir Max and that the promise be kept. He said he could not agree that anything more was required of him. He added that had they been given proper information about the 'D' notice earlier in the day the situation would never have arisen, the fault he said was entirely on the official side.

5. His final two calls were as stated at the beginning of this minute.


A (iii)

(GOVERNMENT SUBMISSION TO THE RADCLIFFE COMMITTEE)

THE 'D' NOTICE SYSTEM AND POSSIBLE IMPROVEMENTS TO IT IN THE LIGHT OF RECENT EVENTS

At the time of the episode over the Daily Express article on "cable vetting" the 'D' notice system remained in all essentials as described by the previous Radcliffe Committee in 1962.* There were sixteen 'D' notices in force, the last of them issued in June, 1964. A review of them was in progress, with the object of bringing them up to date, and improving their texts in the light of the experience gained in applying them. The position reached was that the Departments concerned and the Secretary of the Services Press and Broadcasting Committee had agreed on cancelling three of the Notices (not those involved in the present case) and on revised versions of all but one of the remainder. The next step would be for the revised texts to be submitted to the Services Press and Broadcasting Committee for approval, and subsequent issue by the Secretary. The questions raised by the Daily Express episode are however wider than the matter of textual amendment of the 'D' notices themselves, and do not arise from any obviously remediable deficiency in the wording of the two 'D' notices in question. The texts of both these 'D' notices have in fact been changed in the proposed revision to make them clearer and more specific, but the proposed changes would not have affected the application of the two Notices to the "cable-vetting" story. It is thus safe to assume that the same situation would have arisen if the new versions of the 'D' notices had been in force at the time. That situation involved the working of the 'D' notice system itself, it was a case of breakdown in the co-operation and mutual understanding between the Press and the Government upon which the whole system depends.

2. In the official view the Daily Express infringed and thus inflicted damage upon the 'D' notice system by publishing the "cable vetting" story after they had been asked on 'D' notice grounds not to do so. The subsequent action of The Spectator in publishing the texts of the two 'D' notices was in a sense a graver blow to the system since it disregarded the essential principle that the 'D' notices are intended as Private and Confidential communications.

Infringement of the 'D' notices

3. There have of course been breaches of 'D' notices before and there no doubt will be again; the system is not infallible because it is not enforceable. Technical or minor infringements, not involving any real harm to security and committed without consulting the Secretary, are fairly frequent. Recent examples have been the mention by name of a former Head of M.I. 6, and the appearance on television of one of their former employees (the B.B.C. acknowledged and apologised for this transgression). Major infringements knowingly committed, and causing or arising from disagreement between newspapers and the official side, are very much more rare. The previous Radcliffe Committee took cognizance of the difficulty over the Blake case in this connexion. Since then, the only major incident, apart from the present case, arose over the arrival in England in 1963 of the Russian defector, Dolnytsin, whose whereabouts the

security authorities wished to keep secret. The Secretary of the Services Press and Broadcasting Committee sent out a Private and Confidential message asking that the details should not be published but this was disregarded by the Daily Telegraph apparently on the grounds that they had obtained the information from a foreign source, and also that the disclosure of Dolnytsin’s name in a ‘D’ notice circulated on the Press Association’s tape removed any justification for withholding it.

4. On the positive side the ‘D’ notice system undoubtedly serves its purpose well on many more occasions than it is infringed. Defence, intelligence, and security information which needs to be concealed in the national interest, has been effectively kept out of the Press both through editors themselves following the guidance of the ‘D’ notices and through advice given by the Secretary in cases of doubt. Only very rarely has a request not to publish from the Secretary been disregarded, as in the present case; the occasions on which his intervention has been successful have been numerous. The greatest strain of course falls upon the system when there is a sensational story, when more than one newspaper has it, or when there can be said to be an aspect of duty to the public in publishing it. The “cable vetting” story combined all these features.

5. With each infringement of the system, and given the present popular cult in intelligence and security matters, the area of secrecy protected by the ‘D’ notice procedure is progressively eroded; but a great deal remains that still requires protection. The system can still serve to keep the erosion to the edges and thus help in ensuring that the really sensitive material at the centre remains concealed. Most of the Press seems willing to give their co-operation to the system, which could not of course survive without it. Press criticism in the recent episode has been directed more to the question whether the system should have been invoked in this case rather than against the system itself. Nor does any alternative to the present system seem feasible. The only other possibilities would be on one hand to give the ‘D’ notices, or some equivalent of them, the force of law; or on the other to dismantle the system altogether and to rely on the sanction of the Official Secrets Acts and on tight security to keep classified information out of the Press. The first of these courses would be a long step towards censorship and would be unacceptable in this country in peace time and unwelcome to the official side. The second would be impracticable. It is true that one function of a ‘D’ notice is to provide editors with some guidance about the areas in which they might risk liability under the Official Secrets Act. But by no means all the material whose publication could harm the national interest would or could form a basis for prosecution. Nor is the provenance of such information always, or even often, official. The Official Secrets Acts would thus not in themselves provide the necessary guidance or deterrence to editors, and the most elaborate security precautions would not prevent the Press occasionally acquiring secret information from non-official sources (though it may be assumed that officials will now be doubly reticent in their dealings with members of the Press who purport to “specialise” in intelligence and security matters). If the present infringement can be cleared up and put aside and a basis of confidence and mutual co-operation re-established between the official and Press sides, there is no reason why the system should not continue broadly as it is. Certain changes designed to improve the working of it can be considered, but the essential basis of it is not amenable to change. It is by its nature imperfect, but it remains a great deal better than nothing.

The Publication of the ‘D’ notices

6. The conduct of The Spectator in publishing the ‘D’ notices has serious implications for the system. The Spectator have since sought to justify their action on the grounds first that the ‘D’ notices had not been issued to them, and secondly that the two notices in question were general in content and did not themselves contain information it would be damaging to national security to reveal*. These arguments seem open to doubt. It is understood that

evidence of the Secretary of the Services Press and Broadcasting Committee and of his Assistant is that

(i) *The Spectator* were in fact on the list of those receiving 'D' notices;
(ii) in this context the previous editor had confirmed the address of the newspaper and notified the Secretary of the change of editorship;
(iii) when *The Spectator*'s representative visited the Secretary and wished to see the 'D' notices, he asserted that *The Spectator* had lost their copies and was specifically warned both by Colonel Lohan and his Assistant that the 'D' notices should not be published.

7. The two 'D' notices certainly contain matter which there was need to protect on security grounds. That of 1956 referred for example to the nature of M.I.6's work, and that of 1961 to the interception of communications for secret intelligence purposes. *The Spectator* themselves bowdlerised the text of the 1956 'D' notice by omitting a reference to... presumably because they thought that otherwise they might be sailing too close to the Official Secrets Act. The point here is that editors are not and should not be in a position to judge whether or not a 'D' notice or any part of it is fit for publication. 'D' notices are communicated to them in confidence. Of the two 'D' notices in question, one was marked "Secret" and the other "Private and Confidential", a fact *The Spectator* did not mention in reproducing the texts. This is intrinsic to the 'D' notice system. If notices are to be intended for publication they would have to be entirely recast in such general terms that they would be of far less use and the system would probably become unworkable. If it is to continue satisfactorily, therefore, there will need to be some confirmation from the Press side that the 'D' notices will be treated as confidential documents and that individual 'D' notices will not be published, in whole or in part.

**The Role of the Secretary**

8. In the recent episode, Mr. Chapman Pincher of the *Daily Express* argued with the Secretary of the Services Press and Broadcasting Committee that the 'D' notice did not apply to his story. He also contended that the story dealt with an encroachment upon the privacy of the citizen and that it was therefore the duty of his newspaper to publish it. These two arguments touch upon an issue which is fundamental to the 'D' notice system. On one hand, the Press are not always in a position to judge for themselves whether a particular story falls under the 'D' notice. To decide this it is often necessary to know, as it was in the present case, the real nature of the activity to which the story relates and this cannot always be explained to the Press without giving away information that should not be revealed. On the other hand, the Press have to be satisfied that they are not being asked to suppress a story merely because it would be embarrassing or inconvenient to the Government to have it published. The problem may thus be to persuade a newspaper that their story refers to a secret activity which it would be harmful to the national interest to disclose, without at the same time admitting to them exactly what the nature and the extent of the secret activity is. It is here that the question of confidence arises. The newspaper must be satisfied that the Secretary of the Committee has informed himself on the official side about the issues at stake and is in his turn satisfied that it is a matter of national security.

9. The rôle of the Secretary is thus of great importance. The Committee itself meets only rarely and then mainly to consider the actual content of the 'D' notices. It falls to the Secretary to work the system and an essential part of this is to provide a service of advice to editors about whether any particular piece of copy is covered by a 'D' notice or not. It follows that if he is to speak authoritatively to the Press the Secretary himself must be properly informed. He should not only be able to receive full briefing from the Department concerned when a case arises, but he should also have some background knowledge of secret matters so that when consulted by the Press he will already have an idea of what may be involved.
10. It has been suggested that the Secretary's status might be enhanced if he were made a full member of the Committee. The disadvantage in this is that his important rôle in the 'D' notice system is *sui generis*, and to make him a member of the Committee itself might tend to limit or obscure his function as a bridge between the official and non-official sides of the Committee and as the purveyor of official advice to the Press. Though he is the servant of the Committee, he also has official connections, and it might in fact be damaging to the working of the system, which is essentially pragmatic, if he were to be given a defined status as a member of the Committee.

**Channel of Advice to the Secretary**

11. In the present case the official advice given to Colonel Lohan was concerted by inter-Departmental consultation, but representatives of the various Departments concerned, . . . were in touch with him throughout the episode, and this may have been confusing to him and less effective than if he had received guidance from only one source. To avoid any possible confusion or inconsistency in briefing the Secretary from the official side in future, it might thus be best if guidance were given to him through a single channel in each case. This would normally be the Department primarily concerned in the particular case, and this Department would be responsible for consulting any others concerned and concerted an agreed line of advice. . . . At the same time the question whether or not a 'D' notice is to be invoked on larger issues sometimes has policy implications about which other Departments need to be consulted. They should therefore be brought into the matter whenever any case that might have political implications arises, and in particularly delicate cases it may be useful for the Home Office or Foreign Office to act as the channel of guidance. Inter-Departmental consultation may be necessary but it should not however be difficult to decide at the outset on each occasion which will be the Department that will deal with the Secretary. At the same time, the advice given to him should wherever possible be in writing, though because of the time factor this is less likely to be feasible in cases involving newspaper stories than in those of longer term publications.

**A System of Appeal**

12. Where as in this case a newspaper is reluctant to accept the advice of the Secretary and contends that the 'D' notice does not apply, there should if possible be some system which would allow time and opportunity for further consideration and persuasion. Colonel Lohan has himself suggested that there should be some form of "stop" procedure which would allow a "Referee Sub-Committee" of official and Press representatives to judge the matter. The Committee of Enquiry will no doubt wish to pursue these suggestions. A "stop" procedure would certainly be helpful in allowing more time in which to try to convince the newspaper, perhaps at a higher level, not to publish. But given the acute competition between newspapers for both exclusiveness and immediacy, it seems doubtful whether in many cases a "stop" would be workable or acceptable in practice. The idea of a Referee Committee is open to two difficulties—first, Press representatives are disinclined to sit in judgment upon one another (as the resignation of the Editor of the *Daily Mirror* from the Services Press and Broadcasting Committee showed); secondly, as has already been seen, the question whether a 'D' notice applies or not to a particular story often involves issues that cannot be disclosed to the Press side and are thus not susceptible to a negotiation of this kind. What seems to be required is that in the event of disagreement between the Secretary and the newspapers there should be a possibility of immediate reference to higher authority, before it is too late. It could perhaps be agreed with the Press side that in these circumstances the view of the Chairman of the Committee, who is a senior official, should be taken before a decision to publish is made, and that he might consult with a representative of the unofficial side of the Committee whom he could take to some extent at least into his confidence about the true issues at stake. This representative would have to be someone in whose opinion editors would have confidence but should not be directly connected with a newspaper himself. The difficulty in all this
would however be to set these consultations in motion with sufficient speed to prevent the story appearing. In many cases the best that might be hoped would be that the Secretary should immediately refer any disagreement to the Chairman of the Committee who would then do his best to clear the matter up, either in consultation with a representative of the unofficial side of the Committee, or by direct approach to the Editor of the newspaper concerned, or both.

The Composition of the Committee

13. The official representatives on the Services Press and Broadcasting Committee are at present the Permanent Under-Secretary of State for Defence who is the Chairman, the Permanent Under-Secretaries of the three Services Departments, and the Permanent Secretary of the Aviation Division of the Ministry of Technology. This reflects the original concept whereby the ‘D’ notices were described as covering naval, military and air matters*. It has come to be accepted however that the ‘D’ notice procedure covers also security and intelligence matters which do not directly involve the Service Departments. “Cable vetting” was indeed a case in point. It is suggested therefore that, under the Chairmanship of the Permanent Under-Secretary at the Ministry of Defence, the official side should include representatives more directly concerned with these activities, such as a Deputy Under-Secretary at the Foreign Office. The Home Secretary’s interest could be represented by the Permanent Under-Secretary at the Home Office. The numbers on the official side could be kept to their present level if these two new representatives were to replace two of the Permanent Under-Secretaries of the Service Departments.

14. There is at present no single representative on the unofficial side of the Committee who could serve as a point of contact for the Chairman in case of emergency (see paragraph 12 above), or on matters of procedure. During the years when Admiral Thomson was Secretary of the Committee, Mr. Norman Robson, one of the two Newspaper Society representatives, frequently acted in an emergency as the representative of the Press side of the Committee, though he had no formal standing as such. He has however since retired from the Committee. It is suggested therefore that an unofficial member of the Committee might fill this rôle, perhaps in the capacity of Vice-Chairman. For the reasons already indicated, he should not himself be directly connected with a newspaper, broadcasting service, or publishing house, but he should be someone in whose judgment editors would have confidence.

Summary of Recommendations

15. (i) It should be clearly understood and confirmed on the Press side that the ‘D’ notices are not for publication. (Paragraph 2 above.)

(ii) Official guidance should be given to the Secretary through the single channel of the Department primarily concerned, and wherever possible this guidance should be in writing. (Paragraph 11.)

(iii) There should be provision that where there is disagreement between the Secretary and a newspaper over the publication of an item, the matter should be referred to the Chairman of the Committee so that he may have an opportunity of discussing it with a representative of the unofficial side of the Committee or with the Editor of the newspaper concerned, or both, before the item is published. (Paragraph 12.)

(iv) A Deputy Under-Secretary of the Foreign Office and the Permanent Under-Secretary of the Home Office should be official members of the Committee in place of two of the Service Permanent Under-Secretaries. (Paragraph 13.)

(v) A non-official member of the Committee should be chosen as Vice-Chairman, who could serve as a point of consultation for the Chairman in emergencies or on points of procedure. (Paragraph 14.)

16th March, 1967.

* Cmnd. 1681, paragraph 131.
AIDE MEMOIRE (BY COLONEL LOHAN)

Subject: The Daily Express front page article headed “Cable Vetting Sensation” published on Tuesday, 21st February, 1967—background and action taken.

Introduction
1. For the last three months or so the Newspaper world had become over-excited and over-sensitive about the topics of telephone tapping and interference with mail. Rightly or wrongly Fleet Street felt persecuted and suspicious. The atmosphere was ripe for an explosive protest about these issues.

Long standing weaknesses of ‘D’ notice System
2. Experience (from 1964 onwards) soon showed that two matters required urgent action; one, the system of records and filing needed overhauling (of 2,000 entries 50 per cent. were inaccurate and there were no files, as such, for correspondence); the other, the need to re-write all ‘D’ notices so as to avoid legalistic argument over words.

3. Putting the records on a sound footing required months of research and a general request for all users of notices to register. The work continues.

4. In August, 1964, permission was given to begin revising the notices; but it was not until April, 1965, that an Interdepartmental Working Party was set up to review ‘D’ notice material. The revision is now complete except for one disputed passage in the notice. . . .

5. By way of illustration, copies are attached* of examples of old notices together with their newly drafted equivalents (not yet approved by the Committee); the specific examples chosen are the ‘D’ notices of 27th April, 1956, and 30th October, 1961, both of which relate to the case under consideration.

Breaches of ‘D’ notices
6. Since May, 1962, there have been only two major ‘D’ notice upsets (that dated 11th July, 1963, concerning Anotoli Donytsin, the Russian defector, and the present case). Since August, 1963, there have been 20 technical breaches of ‘D’ notices, and in five of these cases each newspaper concerned was completely exonerated. The average, therefore, is five cases a year—nearly all of a minor character.

7. It would be impossible to place a quantitative value on the times when the Press etc. have co-operated to prevent breaches of the notices.

Events immediately prior to publication
8. On the afternoon of Thursday, 16th February, Chapman Pincher of the Daily Express telephoned me in my office. He asked me if there was a ‘D’ notice that covered the interception of G.P.O. telegrams by the Ministry of Defence. I replied that there was not. I asked him to check his story with the M.O.D. and come back to me.

9. On the next day (Friday) after discussions with . . . I realised that there was a good deal more to Pincher’s story than was first apparent.

10. I also learned that Pincher’s informant had given the same story to the Daily Mail and to Sennet, the magazine of the London School of Economics. I decided the magazine did not need my immediate attention since its publication date was some days off. The Daily Mail, in the person of their Managing Editor, Mr. Matthewman, readily agreed to suspend action on the story until I had a chance to plead in person.

11. Repeated efforts to reach Pincher failed and I did not succeed in getting in touch with him until late on Sunday night. He readily agreed to defer action

* not published.
until we met next day (I deduce he could not have had an overriding interest
in the story or he would have been ready to do a "Sunday for Monday", which
is characteristic of him).

12. Pincher and I met for lunch on Monday, 20th February. As soon as I sat
down I produced from my pocket the ‘D’ notices of 27th April, 1956, and 30th
October, 1961. I pointed out a section in each of them saying that they would
be the basis of our talk.

13. At some early stage in the discussion Pincher said, apropos the two ‘D’
notices, “You can put them away; I know them off by heart”. I admitted
I knew them too and added “All right, let us put them aside and argue about basic
issues”.

14. It is not pedantry or hairsplitting that compels me to emphasise the
expression I used. Pincher is entitled to say the actual ‘D’ notices had in his
opinion no relevance; but it is clear in my mind that the whole conversation was
conducted within the broad meaning and spirit of the notices. I put the notices
aside since, had I not done so, further temperate and intelligible conversation
would have been impossible. In any circumstances I never intended that the
two notices should be anything but a point of reference, since I was to argue that
it was not in the public interest to publish the information about cable and telegram
vetting, *per se*.

*The arguments deployed*

15. I was prepared to concede that the story might have overtones of political
embarrassment but I stressed that this aspect diminished to insignificance when
compared with the needs of security. I explained that the power to scrutinise
cables and telegams was derived from the O.S.A. by virtue of a warrant and
had been exercised continuously over many years. I said the process was a
fruitful source of information required for the defence of the Realm; like most
operations of an intelligence nature, publicity could do incalculable harm to a
specific and contemporary line of enquiry. I pointed out the stupidity of claiming
that the process was one of mere prying or censoring, since it would be impossible
to read and note the text of every cable or telegram and messages were not
delayed. I suggested that what was being looked for was patterns in addressing,
signatures and, in some cases, the text e.g. a search might disclose a plain language
code used by an enemy agent. I drew attention to the clear practical need for
collection from many points and subsequent centralised scrutiny.

16. It was argued against me by Pincher that the interception of cables and
telegrams was absolutely parallel with telephone tapping and opening mail and
could not be a “secret intelligence method”. He said the ‘D’ notice of 27th
April, 1956, had been modified at his insistence to exclude telephone tapping.
(This is so; a ‘D’ notice dated 31st October, 1957, stated that there was no
need to maintain secrecy about telephone tapping except that identities were not
to be disclosed in particular security cases.)

17. I contested Pincher’s argument on the grounds that a different medium
was being examined and that the intelligence procedure or method in this instance
bore no relation to telephone tapping, which was specific rather than general.

18. Pincher was particularly angry about what he claimed was interference
with individual privacy and the fact that I would not deny that newspaper
“Service” messages were not excluded. He persisted in his contention that the
interception was not of long standing.

19. At the end of our discussion I was reasonably sure I had convinced
Pincher. We parted with good feeling and Pincher said he would represent
my case in all fairness to his Editor.

*Action subsequent to meeting with Pincher*

20. After lunch I saw Mr. Matthewman in his office together with Angus
Macpherson, Defence correspondent of the *Daily Mail*. I used very similar
arguments to those I had used with Pincher. They agreed they would not publish, but wanted some more assurance about the intention of the *Daily Express*. I said I had every reason to believe the *Daily Express* would not publish; but in the event of the *Daily Express* telling me they were going to publish, I would let the *Daily Mail* know as soon as I could.

21. At about 5.30 p.m. Pincher telephoned to say there had been a preliminary meeting with his Editor and the *Daily Express* lawyers and he, Pincher, had been instructed to write the story so that everyone would have a clear idea what it was all about. He said the lawyers' attitude was that there seemed no bar to publication since the informant was not subject to the O.S.A. in this instance and in their opinion the ‘D’ notices had no relevance. He also asked me if he could send to collect copies of the two ‘D’ notices [that had been under discussion] because the *Daily Express* could not readily find their copies. I agreed to this and hold a receipt for the two copies. He also added that he wished he had known of Section 4 of the O.S.A. (1920) before because it was a story in itself. He asked me to excuse his breaking off the conversation because he wanted to get on with his writing.

22. Just before 6.30 p.m. I again telephoned Pincher to enquire if a decision had been made. He said it had not. He added that he had seen the informant again who had said he had given the same story to the *Manchester Evening News* and some Foreign Agencies. Pincher gave me the impression he was now worried. I asked him if he would like me to see Derek Marks, the Editor, but he said no, it was not necessary.

23. At about 6.40 p.m. I again telephoned Pincher to ask if there was any result from the Editorial conference; he said there was not. I reminded him that my office telephone number changed after 6.30 p.m.

23a. By now I thought it unlikely that the *Daily Express* would publish that night, because I expected that as usual Pincher would clear the text of his story with me before going to print and it was now getting late.

24. I left my office just after 7 p.m. to go to the Ministry of Defence to report to my Chairman, Sir James Dunnett (I had warned his office in the afternoon that I might want to see him). I told Sir James that there had been no difficulty in holding the *Daily Mail* and I had reason to believe the *Daily Express* would not publish, but the situation was dicey and an editorial decision was still awaited.

25. I made arrangements for Mrs. Marshall, the Assistant Secretary, to hold the office and in the event of Pincher telephoning to ask the Editor directly for a further postponement. I asked my wife to get in touch with Mrs. Marshall should Pincher telephone my home before my return.

26. Pincher did not telephone me until 9.40 p.m. (since the *Daily Express* is “off stone” just before 9.30 p.m. as a rule, I was till that moment even more convinced that publication had been postponed); he said in a very tired voice “You have lost. The Editor and the lawyers decided against you. I did my best”.

27. I immediately telephoned the *Daily Express* and asked for Derek Marks, the Editor. I got the Night Editor (I think Peter Johnson); he said Derek Marks was en route between places and could not be contacted. I asked the Night Editor if he had authority to stop the story. He said he had not because it was now rolling for the Glasgow editions. I asked him to get Derek Marks to telephone me as soon as possible.

28. I straight away telephoned . . . of the Security Service and arranged for him to tell Ewart-Biggs of the Foreign Office while I informed . . . of the turn of events.

29. I then telephoned the *Daily Mail* as promised. A little later, on advice from Ewart-Biggs, I asked them to withhold publication on the grounds that the *Daily Express* had promised the Foreign Office they would stop the story.
30. Some time about 10.30 p.m. Arthur Brittenden, Editor of the Daily Mail, telephoned to say the Daily Express first editions had given splash treatment to the story. I agreed in the circumstances that he could follow (a little later the Daily Mail read all the text of their story over to me and made some alterations at my request).

31. I telephoned all concerned once again.

32. Some time after midnight I spoke to Derek Marks. During this conversation I learned it had been represented that I had considered the 'D' notices to have no relevance. For the first time I became angry and asked Marks why he thought I had brought notices along when I met Chapman Pincher.

33. Later, at about 2 a.m. on Tuesday morning, Marks again telephoned me and said the Foreign Office had represented that 'D' notices were being contravened and expected him to stop the story. I replied that he should ask the Foreign Office to telephone me immediately, because to stop the story after two editions, and after other newspapers had picked it up would bring about a ridiculous situation. The harm to security had already been done.

Action after the Prime Minister's statement

34. On Tuesday, at about 4.30 p.m., after the Prime Minister made his statement in the House about 'D' notices, Chapman Pincher telephoned me in great excitement. He began by saying "Let us get this straight, since we do not want to go on calling one another names. Am I not right when I say you agreed with me that the 'D' notices did not apply to our story?" I replied "As I have already told your Editor early this morning, at the beginning of our conversation at lunch time on Monday I produced the two relevant 'D' notices and pointed out a section in each on which I would base my arguments. You absolutely rejected the notice dealing with methods of our Intelligence Services on the grounds that interference with cables and telegrams was on an absolute parallel with telephone tapping. You then rejected the next point about interception of foreign communications in that it was utterly irrelevant."

35. Pincher said "When I first telephoned you about this story on Thursday, you told me that the 'D' notices did not apply. Do you agree? I said "Yes". "Your story was that G.P.O. telegrams were collected by the Ministry of Defence and I agreed the notices did not mention this and you should ring the M.O.D. and come back to me."

36. Chapman Pincher again asked me to agree that the 'D' notices were not relevant to his story of Monday. I told him not to quibble. I said "You know what happened. I took the notices out of my pocket and after you had rejected them I said 'All right, let us put them aside and argue about the basic issues.' You must agree that I then went on to argue at great length why it was not in the public interest to publish your story."

37. Pincher agreed with my version of events and then told me that the Daily Express would refute the Prime Minister's allegation that they had broken the 'D' notices. I felt it useless to argue any more, since Pincher was absolutely firm in his own mind that the notices had no relevance whatsoever and the fact that I had suggested, during conversation, that they should be put aside in order not to hold up discussions was taken to mean that I, myself, had admitted that they had no relevance.

38. I did, however, once again tell him that all my arguments, and he well knew it, were conducted in the spirit of the 'D' notices and could have no other basis.

Action after Daily Express rebuts Prime Minister

39. After the Wednesday meeting at the M.O.D. in Sir James Dunnett's office, I went to see Derek Marks. I asked him if things would have been different had I seen him in the first place. He assured me I was right to have gone to
Pincher, since in any case he would have asked me to treat with him. I then told him nothing would divert me from holding to the line that, although I put the notices aside in order to get on with business, I was convinced beyond shadow of doubt that I acted throughout in the spirit of the accepted 'D' notice procedure; in this spirit I made my plea to Pincher that it was not in the public interest to publish the story about the scrutiny of cables and telegrams. What other right had I to intervene?

Consultation and briefing

40. Throughout there was close discussion and exchanges with ... and the Foreign Office. At all times all recognised there was a danger that if ... was told, a newspaper might use the whole truth to improve its story ... Equally, not too much emphasis could be placed on the 'D' notice of 30th October, 1961, for this might lead a newspaper to a dangerous half-truth, or point the story in a dangerous direction. I said I felt I could hold the situation without too much reliance on the use of specific clauses in the notices, although it was accepted that they had relevance. I had considered two other courses of action but rejected them as impracticable; one was to issue a general warning through P.A., but this might have angered the newspapers who already had the story thus inciting them to print; the other was to issue a special 'D' notice with the concurrence of Press members, but this action, even if it had succeeded, would still have angered the particular newspapers and brought the Committee, as such, into the conflict, in my view unnecessarily.

Lessons to be learned

41. It seems clear that a definite voluntary "Stop" procedure must be introduced. This might apply for a period of 24 or 48 hours according to circumstances. Perhaps if the recommendation of the Radcliffe Report (Cmd. 1681, Chapter 9, paragraph 142) was implemented and the Secretary made a full member of the Committee, he could himself convene a Referee Sub-Committee, preferably chaired by a Press member. The Secretary would represent the Official side and could quickly introduce other Officials as appropriate from the Departments concerned, without having to bring in Official members of the Committee who are at Permanent Secretary level, who may not be available at short notice and who would have to be briefed with consequent loss of time. Speed would be essential in convening the Sub-Committee.

42. The Referee Sub-Committee should preferably be small (a quorum of three) and the Chairman taken by rota or from the Press organisation most concerned (N.P.A., Newspaper Society, Periodical Proprietors Association etc.), whichever was most equitable. The Referee Sub-Committee would decide on the degree of "Stop" and during the breathing space obtained examine the merits of each particular case.

43. It is not realised what pressures there can be on the Secretary and his Assistant, who make up the entire office. On that Monday (20th February there were two other matters requiring urgent action well outside normal routine. The administrative capability of the Secretary's office ought rightly to be improved by full time clerical assistance.

44. For what it is worth, my experience with the Committee's Press side and the attitude of the Press in general to it has shown clearly that the description of the system given in Chapter 9 of the Report "Security Procedure in the Public Service" (Cmd. 1681) is still completely valid and, indeed, has become the operative terms of reference for the Committee's work.

L. G. LOHAN,
Secretary of the Committee.

1st March, 1967.

Room 146,
Shell Mex House,
On Tuesday, 21st February at approximately 4.30 p.m. Chapman Pincher of the *Daily Express* telephoned me and read the P.A. release on the Prime Minister's statement in the House of Commons about his paper's story of that morning on interference with cables and telegrams.

2. He began by saying "Let us get this straight, since we do not want to go on calling one another names. Am I not right when I say you agreed with me that the 'D' notices did not apply to our story?" I replied "As I have already told your Editor early this morning, at the beginning of our conversation at lunch time on Monday I produced the two relevant 'D' notices and pointed out a section in each on which I would base my arguments. You absolutely rejected the 'D' notice dealing with method (*) of our intelligence Services on the grounds that the interference with cables and telegrams were on an absolute parallel with telephone tapping (where the 'D' notices do not apply with the exception of mentioning the name of a specific person who is under surveillance). You then utterly rejected the next point about interception of foreign communications in that it was utterly irrelevant."

3. Pincher said "When I first telephoned you about this story on Thursday, you told me that the 'D' notices did not apply. Do you agree?". I said "Yes. Your story was that G.P.O. telegrams were collected by the Ministry of Defence and I agreed the 'D' notices did not mention this and you should ring the M.O.D. and come back to me".

4. Chapman Pincher again asked me to agree that the 'D' notices were not relevant to his story of Monday. I asked him not to quibble. I said "You know what happened. I took the 'D' notices out of my pocket and after you had rejected them I said 'All right, let us put them aside and argue about the basic issues.' You must agree that I then went on to argue at great length why it was not in the public interest to publish your story."

5. Pincher agreed with my version of events and then told me that the *Daily Express* would refute the P.M.'s allegation that they had broken the 'D' notices. I felt it useless to argue any more, since Pincher was absolutely firm in his own mind that the 'D' notices had no relevance whatsoever and the fact that I had suggested, during conversation, that they should be put aside in order not to hold up discussion was taken to mean that I, myself, had admitted that the 'D' notices had no relevance.

6. I did, however, once again tell him that all my arguments, and he well knew it, were conducted in the spirit of the 'D' notices and could have had no other basis.

22nd February, 1967.
Shell Mex House,
W.C.2.

(To) CHAIRMAN: SERVICES, PRESS AND BROADCASTING COMMITTEE

In addition to giving you a specific explanation about whether or not 'D' notices could be applied in the case of the *Daily Express* article "Cable Vetting Sensation" of Tuesday, February 21st, you asked me to comment, point by point, on Chapman Pincher's article in the *Daily Express* of Wednesday, February 22nd.

Point 1

(Effect when story first received by the *Daily Express.*) Chapman Pincher was passed a story received from an informant on or about Thursday, 16th February. He was not in possession of the full facts. It is true that he telephoned me to ask

* sic.
if there was a 'D' notice which covered the interception of G.P.O. telegrams by
the Ministry of Defence. I said there was not. But I did ask him to consult the
Ministry of Defence and come back to me before he continued with the story.

On Friday, after discussions with . . . I realised that there was a good deal
more to Chapman Pincher's story than was first apparent. I tried to get in touch
with Pincher, but was unsuccessful.

On the same day, I learned that Chapman Pincher's informant had also been
to the Daily Mail and to Sennet, the magazine of the London School of Economics
(I decided it did not need my immediate attention).

I had no difficulty whatsoever in persuading the Daily Mail to hold this story
until I could talk to them in person.

Point 2
(Pincher's next talk with me.) I did manage to get in touch with Chapman
Pincher latish on Sunday night and I asked him to withhold any action on his story
until I could talk to him in person, since matters of national security were at stake.
Without much difficulty, I got him to agree to this.

Point 3
(The 'D' notices are introduced.) While talking to Chapman Pincher on
Sunday, we had agreed that probably the best way to do business was over lunch
on Monday. He accurately reports that I produced two notices "that could con­
ceivably be relevant—those dated 27th April, 1956 and 30th October, 1961". I
have fully reported on this in a separate minute to you. What Chapman Pincher
says is a distortion of what happened; I did put the 'D' notices aside, since to
argue about them in particular would only impede progress. I must emphasise
once again that although I decided to put aside the 'D' notices in order to
allow our talks to go on, Chapman Pincher could have been under no misappre­
hension whatsoever that the conversation that ensued was entirely in the spirit
of the 'D' notice procedure (and of a confidential nature).

Point 4
(I argue that the article should not be published.) Of course I used all
my powers of persuasion; this was what the meeting was about. At the end
of the luncheon Chapman Pincher admitted that he thought I had convinced
him that it was against public interest to publish the article. He promised
that he would faithfully represent my point of view to his Editor.

Point 5
(Decision to publish left to Editor.) What he says here is quite accurate,
extcept that he told me that it was he and the lawyer who thought that neither
the 'D' notices nor the Official Secrets Act were involved. He said that his
Editor had asked him to write the story so that it could be looked at at an
Editorial conference which would include the Daily Express lawyers. I was
under no illusion that I was to be consulted further should they decide to
publish.

At 6.40 p.m. on Monday, I telephoned Chapman Pincher to ask if there
had been any result from the Editorial conference; he said there had not
been. I reminded him that my telephone number changed after 6.30 p.m. and
confirmed that he knew it.

At about 7 o'clock, I had heard nothing further from the Daily Express.
I decided that I ought to let you, my Chairman, have a progress report (I
had already warned your office earlier in the day that I might need to do
this). In essence, what I reported to you was that:

(i) there was no difficulty in holding the Daily Mail;
(ii) I had reason to believe that the Daily Express would not publish, but
the situation was dicey and was awaiting an editorial decision.

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Point 6
(The Editorial Meeting.) I have no comment on this, since it relates entirely to the inner workings of the Daily Express.

Point 7
(I am told the Daily Express have decided to publish.) I had made every possible administrative arrangement to cover my absence from my office in the event of Chapman Pincher telephoning to say that a decision had gone against me. I arranged that the Editor (Derek Marks) should be telephoned and asked to hold up publishing until I had the opportunity of talking to him personally. In fact, Chapman Pincher telephoned me at my home at approximately 9.40 p.m. I question very much Chapman Pincher’s contention that he had telephoned me “as soon as possible”. As soon as Chapman Pincher had told me that they were going to publish, I immediately telephoned Derek Marks. I could not get hold of Marks, but I spoke to the Night Editor, who told me he could do nothing in the matter since the presses were already rolling and the Glasgow edition would carry the story. It is nonsensical for Pincher to say he telephoned me in order that I might warn other newspapers, because he quite obviously telephoned me as late as possible so that I could not warn other newspapers before they went to press with their first editions.

Point 8
(Other attempts to stop publishing.) I think this is true. The Foreign Secretary had been on to the Proprietor at about 10 p.m.; later the Foreign Office were in touch with Derek Marks and told him that in their opinion he was contravening the ‘D’ notices and that he should withdraw the story immediately. When Marks telephoned me about this (about 2 a.m. Tuesday), I said he must get on to whoever it was he had spoken to in the Foreign Office and ask them to ring me (since to have the story pulled out at that stage would have made the whole situation untenable and given greater emphasis to the story than it merited).

You ought to know that I kept ... appraised of every step I had taken. I acted to the best of my ability on all advice given (this was plentiful and somewhat contradictory).

I think it would be improper in this particular minute to speak of matters relating to the briefings I received from ... since I realise the tremendous stress and difficulties my advisers were under. The kindest thing I can say is that the briefings were not consistent and could not in any circumstances support the contention that I was asked specifically to tackle the Daily Express and Daily Mail on the basis of the two ‘D’ notices of 27th April, 1956 and 30th October, 1961. In the case of the first one, the argument had already been rendered untenable by the past history of telephone tapping and, in the second, any emphasis would have disclosed to Chapman Pincher the true nature of the operation.

For what it is worth, I think Pincher and his Editor genuinely believed, in spite of what I had said to the contrary, that this interception of telegrams and cables was the responsibility of the present Administration. The motive behind publication was political and the fear of being scooped by another paper (the informant had said he had given the story to foreign as well as British news agencies).

(Sd.) L. G. LOHAN, Secretary.

22nd February, 1967.
Shell Mex House,
W.C.2.
D. J. Trevelyan, Esq.,
Secretary of Committee,
Radcliffe Committee of Inquiry,
Cabinet Office,
London, S.W.1.

Dear Sir,

As promised, we are now writing to reply to the enquiries which you made in your letter to us of 2nd March last concerning the evidence of the witnesses who will be called to give evidence by the Committee.

As you have indicated in your letter, the relevant witnesses from Beaverbrook Newspapers Limited appear to be Sir Max Aitken, Mr. Derek Marks (the Editor), Mr. Peter Johnson (the Night Editor), and Mr. Chapman Pincher (the Defence Correspondent). We understand that as Sir Max Aitken is at present in Canada, the Committee has kindly agreed to hear his evidence on Monday, 20th March. The other witnesses will, of course, be available from Monday, 13th March onwards and it would be of considerable assistance if we could receive as soon as possible the directions of the Committee as to when these witnesses will be heard.

Your request for a written account from each of the above witnesses has been carefully considered. However our Clients have been advised that since it appears that conflicts of evidence may arise, which the Committee will finally have to resolve, it is hoped that the usual Court procedure will be adopted and that the evidence of the witnesses will be taken from them by oral examination at the hearing.

However, in order to assist the Committee as much as possible we enclose a full Memorandum of Events concerning the publication of the article, which indicates the part played by each of our Clients in those events.

Yours faithfully,

ALLEN & OVERY.

Enc:

Memorandum of Events Concerning the Publication of the Article in the Daily Express on 21st February, 1967

I. Thursday, 16th February, 1967

1. At about 3 p.m., Mr. Chapman Pincher sees Mr. Lawson by appointment at the Daily Express. After their conversation Mr. Pincher makes further inquiries.

2. At about 4.45 p.m. Mr. Pincher telephones Colonel Lohan and informs him of the information which Mr. Pincher had been given and inquires whether any ‘D’ notice applies. Colonel Lohan states categorically that there is no ‘D’ notice to interfere with the publication of such a story.

II. Friday, 17th February, 1967

1. In the early afternoon Mr. Pincher receives a telephone call from Colonel Lohan, and Mr. Pincher agrees not to write his story before discussing the matter further with Colonel Lohan on Monday, 20th February, 1967, and they arrange to meet some time on that day.

2. During the course of this day Mr. Pincher makes further inquiries concerning the facts of the story.
III. SUNDAY, 19TH FEBRUARY, 1967

1. In the evening, Colonel Lohan telephones Mr. Pincher at his home, inquires about the story, expresses further concern and seeks the telephone number of Lawson. Mr. Pincher is unable to provide this but promises that if Lawson telephones he will give him Colonel Lohan's number.

2. Later Lawson does telephone Mr. Pincher, who duly gives him Colonel Lohan's number.

IV. MONDAY, 20TH FEBRUARY, 1967

1. By appointment Mr. Pincher meets Colonel Lohan at L'Ecu de France, when the story is fully discussed. Colonel Lohan produces two 'D' notices dated 27.4.56 and 30.10.61. Mr. Pincher is familiar with both of these and Colonel Lohan agrees with Mr. Pincher that neither could reasonably be applied. Colonel Lohan endeavours to persuade Mr. Pincher to prevail upon the Editor not to print the story. Mr. Pincher consents to express to the Editor Colonel Lohan's request, but says that it is wholly a matter for the Editor.

2. After lunch Mr. Pincher returns to his office. Later he submits the story to the Editor in person and tells the Editor that Colonel Lohan agrees that no 'D' notices apply but that Colonel Lohan requests the Editor not to publish the story.

3. At about 6 p.m. Mr. Pincher is present when the Editor, Mr. Raybould (Deputy Editor), Mr. Johnson (Night Editor) and Mr. Edwards (Legal Manager) discuss the story.

4. Between 6 and 7 p.m. Mr. Pincher telephones Colonel Lohan in London to inform him that the story has been written and that Mr. Pincher will advise Colonel Lohan later whether the story is going to be printed that evening. Mr. Pincher says that he will not know definitely before about 8.15 p.m. and it is arranged, to suit Colonel Lohan's convenience, that Mr. Pincher will telephone Colonel Lohan at his home in Charing at 9.30 p.m.

5. At about 7 p.m. Mr. Pincher leaves his office to return to his home at Ewhurst, having arranged to telephone the office later to inquire whether or not the story would definitely be used that evening.

6. At about 7.15 p.m. the Editor and Deputy Editor leave the office in order to return home to change and then go on to the Garrick Club for a dinner engagement, leaving Mr. Johnson in charge of the paper.

7. By that time a preliminary decision has been taken to print the article that evening as the lead to the paper unless a more contemporary story of higher priority arises. If none does then the lead story is to be Mr. Pincher's story.

8. At about 7.40 p.m. Mr. Johnson orders Mr. Pincher's story to be telephoned to Glasgow and Manchester.

9. At 8.30 p.m. Mr. Pincher arrives at his home in Ewhurst.

10. At 9 p.m. Mr. Pincher telephones Mr. Johnson to inquire whether or not the paper is going to lead with his cable-vetting story. Johnson says that the paper will be leading with Mr. Pincher's story.

11. 9.15 p.m. Glasgow is due to go to press.

12. At 9.30 p.m. as arranged earlier with Colonel Lohan Mr. Pincher telephones Colonel Lohan at his home at Charing to inform him that the paper is going to run his story.

13. At 9.38 p.m. Johnson, who is still in charge of the paper, receives a telephone call from Colonel Lohan.

14. 9.45 p.m. Manchester is due to go to press and Glasgow in fact goes to press.

15. 10.5 p.m. London is due to go to press.

16. At about 10.10 p.m. Sir Max Aitken receives a telephone call at the Garrick Club from Mr. George Brown. This is followed by a conversation at the Garrick Club between Sir Max and the Editor.
17. The Editor telephones Glasgow from the Garrick Club to check if Glasgow is printing any local story affected by ‘D’ notices.

18. 10.26 p.m. London edition goes to press.

19. At 10.30 p.m. the Editor telephones Mr. Johnson at the Daily Express and is told about Mr. Johnson’s conversation with Colonel Lohan. The Editor thereupon immediately leaves for the Daily Express.

20. 10.31 p.m. Manchester edition goes to press.

21. At about 10.45 p.m. the Editor returns to the office and speaks to Mr. Johnson. Thereafter the Editor attempts to telephone Mr. George Brown but is unable to contact him.

22. Later, Mr. Greig (Mr. Brown’s Personal Assistant) speaks for the first time to the Editor on the telephone.

23. The Editor receives a telephone call from Colonel Lohan.

24. Between this conversation with Colonel Lohan and his later conversation with Colonel Lohan the Editor has telephone conversation with Mr. Greig and also attempts unsuccessfully to reach Colonel Lohan, whose number is engaged.

25. At 12.46 a.m. the Editor telephones Colonel Lohan and speaks to him.

26. The Editor telephones Mr. Greig and they have their final conversation of the evening.

V. TUESDAY, 21ST FEBRUARY, 1967

1. At about 4.00 p.m. the Editor receives a report of the proceedings in Parliament relating to ‘D’ notices.

2. At about 4.30 p.m. Mr. Pincher telephones Colonel Lohan.

VI. WEDNESDAY, 22ND FEBRUARY, 1967

1. The Daily Express publishes a story by Mr. Pincher of his conversations with Colonel Lohan leading up to the publication of the story on Tuesday, 21st February, 1967.

2. In the afternoon, Mr. Pincher telephones Colonel Lohan.

3. At about 6 p.m. Colonel Lohan visits the Editor at the offices of the Daily Express.

VII. THURSDAY, 23RD FEBRUARY, 1967


(ii)

STATEMENT OF EVIDENCE OF MR. CHARLES ANGUS MACPHERSON

I am the Defence Correspondent for the Daily Mail.

I began inquiries on the cable vetting story on Wednesday, 15th February, as a result of information received on the previous night. Miss Celia Hadden collaborated with me. By Friday I had no story on paper as my inquiries were not completed. I would in any event not have submitted my story for publication without first checking with Colonel Lohan, with whom I am regularly in touch.

On the Friday afternoon I was told by Mr. Matthewman’s office that Colonel Lohan had telephoned saying that he knew of our inquiries and requested us to do nothing further until he had seen us.

At about 5.30 p.m. I telephoned Colonel Lohan at Charing and asked him what this was all about. He said that he knew Miss Hadden was making inquiries, and warned me that this was a very sensitive area of security, that he had already talked to Mr. Matthewman’s office and that he was going to see us on Monday. He said also that whatever source we had was getting into deep waters and while he appreciated I could not give him any names he would be grateful if the source could be warned. He said that another paper also knew about this and that they had had the same advice. I made an appointment to meet him at 3 p.m. on the following Monday.
On the following Monday I went to Mr. Matthewman's office just after 3.00 p.m. where Colonel Lohan was already with Mr. Matthewman. I have read Mr. Matthewman's full account of this conversation and I agree with it, except that I do not specifically remember any reference to 'D' notices; any such reference would come as no surprise to me, since I regarded this story as within the 'D' notice procedure.

As a result of all what Colonel Lohan told us I felt that we should not publish.

At about 11.30 p.m. that night at home I received a message from Mr. Beverley, and a story which he had written was read over to me and I confirmed it. I was told that Colonel Lohan had asked for certain information to be omitted.

(iii)

STATEMENT OF EVIDENCE OF MR. ERIC VICTOR MATTHEWMAN

I am the Managing Editor of the Daily Mail.

Prior to the 17th February I knew nothing about the cable vetting story, but on the 17th February in the afternoon I was told by the Assistant Managing Editor, a Mr. J. H. Spence, that Colonel Lohan had 'phoned and wished urgently to discuss inquiries that the Daily Mail were making about checks on commercial cables, and that Colonel Lohan was ready to come up to London to discuss this matter if necessary. I immediately 'phoned Colonel Lohan at a Charing number. He said he knew that we were making inquiries concerning cable vetting, and that publication of a story about this matter would be prejudicial to the work of the security services. He said that he knew inquiries were being made by Miss Celia Hadden, and that he was very anxious that the inquiries should stop forthwith. He said that he had put a stop on the story with another newspaper. I said that I would make inquiries and rang off.

I then spoke to Celia Hadden, and asked her what the story was all about, she told me the details, adding that there was nothing on paper at this stage. She told me that Mr. Macpherson was also making inquiries. I then checked with the newsroom who confirmed that there was nothing on paper and that there was no question of publication that weekend.

I telephoned Colonel Lohan again and reported this, and he said as nothing was being done about the story over the weekend, there was no point in him coming up to London that day. He said that he would arrange to meet me on the following Monday.

I reported to the Editor, and again confirmed with the newsroom that the story would not be published that weekend.

On Monday, 20th February, Colonel Lohan came to my office about 3 p.m., Mr. Macpherson having made an appointment with him. Mr. Macpherson arrived after a few minutes. Colonel Lohan agreed that the substance of our information was correct. He said that this was a regular form of communication for spies and that security checks had been going on for many years and yielded worthwhile results. He said it would prejudice their work if publicity was given to the steps taken by the security forces. He agreed that the sampling was to a degree random but that it could be made more selective by concentration in specific areas. He said there were two 'D' notices which could be said to cover the particular circumstances (which he had in his pockets and half took out and then put back again) but that he was not relying upon them on this occasion but the matter was best discussed on the basis of his personal approach. Mr. Macpherson then asked Colonel Lohan whether security operations were involved at the present time and whether the checks were general routine; Colonel Lohan replied that there was always a particular operation of one kind or another going on. Macpherson then repeated his question in greater detail asking whether there was a specific operation now in progress directed towards a particular person of which we could hear the result in the near future. Colonel Lohan replied that there was a particular operation, on which he could put no time for a possible result, but if Macpherson meant would it become apparent in his (Macpherson) lifetime, the answer would be yes. He could
go no further. Colonel Lohan said that authority for the cable vetting was obtained as required under a warrant issued in accordance with the Official Secrets Act. I told Colonel Lohan that as far as I was concerned I was prepared to accept the undesirability of publication, but that this was clearly a decision for the Editor. He concluded by saying that he would tell us if any other newspaper was publishing the story. I went straight to the Editor and told him the gist of what Colonel Lohan had said. He then asked me if Colonel Lohan had said that there was any specific vetting operation in progress. I said yes, and told him what Colonel Lohan had said in answer to Mr. Macpherson's question. The Editor and I then discussed whether the question in principle was to what weight to be given to a personal approach of this kind by Colonel Lohan, and decided that it was equivalent to a 'D' notice. Consequently the Editor decided not to publish and gave instructions to this effect which I passed to the news desk.

I also reported the Editor's decision to Colonel Lohan.

Later that night I received a 'phone call from Mr. Beverley, telling me that Colonel Lohan had 'phoned to say that the story of the cable vetting was appearing in the Scottish Edition of the Daily Express, and he asked me to confirm where we stood on this. I told him about my conversation with Colonel Lohan that afternoon and the subsequent decision of the Editor not to publish. I decided to inform the Editor immediately, obtained his number in Regents Park and reported my conversation with Beverley.

On the following day I wrote the bracketed note in the Parliamentary Report of Mr. Wilson's speech to explain the Daily Mail's decision.

(iv)

STATEMENT OF EVIDENCE OF MR. ARTHUR BRITTENDEN

I am the Editor of the Daily Mail.

I knew before Friday, the 17th February, that Mr. Angus Macpherson, the Daily Mail's Defence Correspondent, was investigating information received concerning cable vetting with Miss Celia Hadden.

On Friday, 17th February, I was told by Mr. Matthewman, the Managing Editor of the Daily Mail, that he had received a telephone call from Colonel Lohan, in which Colonel Lohan told Mr. Matthewman that he knew of Daily Mail enquiries into cable vetting, and that publication of a story about it would be prejudicial to the work of the security services. Mr. Matthewman said he had checked with the news desk and found that the investigation was not completed, and he had therefore told Colonel Lohan that the story would not be published over the weekend. He added that he was seeing Colonel Lohan on the following Monday.

On the afternoon of 20th February, Monday, Mr. Matthewman came to my office and reported to me the substance of his interview with Colonel Lohan, which had also been attended by Mr. Macpherson. Mr. Matthewman told me that Colonel Lohan had said that cable vetting did in fact go on, had indeed been going on for many years, but it yielded worthwhile results in detecting spies, and that it would seriously prejudice security work if publicity was given to this matter.

I felt that the very existence of cable vetting of this kind was a disturbing state of affairs, and was not immediately convinced that it would be wrong to publish the story. I therefore asked Mr. Matthewman if Colonel Lohan had referred to any specific kind of cable-vetting operation. Mr. Matthewman replied that Mr. Macpherson had asked Colonel Lohan that very question. Colonel Lohan had answered that there was indeed such an operation then current, but he could not say when its result would be known.

This further information convinced me that it would be wrong to publish the story and Mr. Matthewman and I discussed what weight should be given to an approach of the kind made by Colonel Lohan; we both came to the conclusion it was equivalent to a 'D' notice. I therefore gave instructions that the story should not be published.
Later the same evening I was dining with friends in Regents Park when about 10 p.m. I received a telephone call from Mr. Matthewman. He told me that Colonel Lohan had telephoned the news desk to say that the cable vetting story was being published in the Scottish Edition of the *Daily Express*. I immediately rung the news desk to say that I was returning to the office. Before I could leave the flat I received a call from Mr. Beverley, the night News Editor of the *Daily Mail*, saying that Colonel Lohan telephoned again to say that the *Express* was pulling out all stops to remove the story from other editions, and it was a mistake that it ever got in.

Upon my return to the office I was handed by the Night Editor the first London Edition of the *Daily Express* which contained the story on the front page. I was handed a copy upon entering my own office and almost immediately another call from Colonel Lohan came through. He seemed surprised to get on to me rather than Beverley and to the best of my recollection the conversation proceeded as follows:—

Colonel Lohan, “I am sorry you have had this anguish but it is alright now.”
Myself, “I don’t know what you mean”
Colonel Lohan, “The *Express* have taken it out.”
Myself, “They haven’t, I have got the first London Edition in front of me.”
Colonel Lohan, “Are you serious.”
Myself, “Yes.”

I then read Colonel Lohan the headline and the first line or two of the story, whereupon he interrupted me and said, “My God, this is awful. I must ring off. I have people I have to tell.” He then rang off.

Meanwhile the story was being prepared by Beverley. A short time later he reported to me that Colonel Lohan had telephoned again to say that he did not feel he could any longer ask the *Daily Mail* to refrain from publication, but that he promised to read the story over to Colonel Lohan for his approval. Later Beverley reported that he had read the story over to Colonel Lohan on the telephone, and that Colonel Lohan had asked him to cut out one phrase . . . which was inaccurate. Beverley said that he had in fact cut this phrase from the proof. The story appeared in the third and subsequent editions of the *Daily Mail*, Beverley’s original copy, which shows on page 4 the phrase . . . which was cut out from the proof and which does not appear in the article.

On the following day I arranged for Mr. Matthewman to insert in the Parliamentary Report of Mr. Wilson’s statement in the House of Commons an explanatory paragraph concerning the *Daily Mail’s* attitude.

(v)

**STATEMENT BY MR. DEREK MARKS**

I am the Editor of the *Daily Express*.

At about 5.45 p.m. on Monday, the 20th February, Mr. Chapman Pincher called in my office to inform me that he had a story about the vetting of all cables going out of this country.

Pincher explained that he had been tipped off the previous Thursday by a Mr. Lawson, who had worked at one time for the Commercial Union Cable Company, that each day a Ministry of Works van called at the Company’s offices to collect all cables that had been sent the previous day. They were returned later. The same practice was followed for the other commercial company as well as for the G.P.O.

Mr. Pincher further explained that Mr. Lawson had first gone to the *Daily Mail*, who had put a girl reporter and a photographer on to the story; that somehow in seeking to obtain photographs on G.P.O. property they had offended against the Official Secrets Act and that Colonel Lohan had been able to persuade the Managing Editor of the *Daily Mail* to drop the whole inquiry.
Mr. Lawson had then gone to the Manchester Evening News who had told him it was too big a story for them to handle, and referred him to Chapman Pincher of the Daily Express.

Pincher said that he telephoned Colonel Lohan at once to ask whether in the Colonel's view such a story was covered by 'D' notices and received the categoric assurance that it was not.

Pincher explained that he had had numerous conversations with Colonel Lohan on the topic, winding up with one over lunch that day.

He said that Colonel Lohan had brought all 'D' notices that might apply along with him. He had pointed to them and said that none applied. The situation was similar to that on telephone tapping, where it had been established that though individual instances of tapping could not be referred to it was permissible to refer to the practice as a whole.

Pincher assured me that Lohan had agreed that the 'D' notices did not apply but that he, Colonel Lohan, was under very strong pressure to persuade us not to use the story. I assumed that the exertion of this pressure followed from the political row there had been about telephone tapping, particularly over the tapping of the telephones of Labour M.P.s at the request of the Party leadership when they were in opposition.

I asked Pincher to let me see the written story in order that it could be considered then. Pincher stated that he had undertaken to represent to me Colonel Lohan's views that it should not be published. Pincher had told Lohan that though he did not think much of the chance of this view being accepted, since neither a 'D' notice nor the Official Secrets Act applied, he would do so, but that the decision as to whether to publish or not had to rest with the Editor.

Pincher returned to my office with a copy of his story and advised me that he had spoken to the Legal Manager, Mr. Andrew Edwards, who was still examining one copy.

I called Mr. Eric Raybould, the Managing Editor, who is my deputy and Mr. Peter Johnson, the Night Editor, who would be in charge of the paper during that evening.

At this meeting Chapman Pincher assured us that Colonel Lohan had agreed that the story was not covered by 'D' notices, though it was obvious that the Government did not want us to print it.

The Legal Manager joined us with the text of the Official Secrets Act of 1920. He pointed out that Section Four of this Act gave the Government power to inspect cables.

Since the power was enshrined in an Act of Parliament, he submitted there could be no possible breach by referring to it. I asked Chapman Pincher to re-write the story incorporating the appropriate reference to the Official Secrets Act.

When the story had been re-written the Managing Editor, the Night Editor, Chapman Pincher and myself again went through it. Again Chapman Pincher said that Colonel Lohan was quite categoric that it was not covered by a 'D' notice.

I decided to publish the story on the basis that:
1. The powers under which action to inspect cables had been taken was public knowledge.
2. The categoric assurance that no breach of a 'D' notice was involved.
3. That though our own inquiries had been proceeding since Thursday to the certain knowledge of the 'D' notice Secretary, and that though inquiries had been made by the Daily Mail before that, no attempt had been made to claim that the matter was under 'D' notice by the customary confidential warning to Editors.

It is, of course, the practice of the 'D' notice Secretary to send out a confidential warning to Editors when more than one newspaper is known to be
making inquiries about a story, the publication of which would be held to violate a ‘D’ notice.

At about 7.10 p.m. I left the office to go home and change and then go on to the Trevor Evans dinner at the Garrick Club.

I left the story with Mr. Johnson, the Night Editor, whom I told I would be back at about 10 p.m.

Sometime around 10.15 p.m. Sir Max Aitken, who was attending the same dinner, advised me that he had been telephoned by the Foreign Secretary. He did not understand what Mr. Brown was talking about. Apparently Mr. Brown was saying something about a story we were running in Scotland which was under ‘D’ notice. Sir Max himself did not know what the story was about, but he had told the Foreign Secretary that if it was under ‘D’ notice he would speak to me and that of course it would be stopped. He added that Mr. Brown had said we would have a much better story if we waited until tomorrow.

I immediately left the dinner and rang the Glasgow office from the Garrick Club to see if they were in fact running any local story which we were not running in London to which this complaint could possibly apply. The Glasgow Editor said they were not. It did not occur to me that Mr. Brown had been referring to the Chapman Pincher story, and indeed my first question to the Glasgow Editor had been: “Have you got a Polaris story to-night?” He said they had not. I then rang the London office and spoke to Mr. Johnson. He reported as follows:

That at 9.38 p.m. Colonel Lohan telephoned and asked for me by name, but Johnson said at that moment I could not be contacted, as I was between points—he was in charge of the office. Lohan had asked if it was too late to stop the vetting story getting in. Johnson had said it was, as Glasgow had already gone to press, Manchester were about to go to press and London would be going to press in 20 minutes.

Colonel Lohan added that his aim was to ask us to hold it for 24 hours while he made inquiries. When he realised this was impossible he had accepted the fact, adding that it was “very sad”.

At no time in his conversation with Mr. Johnson had Colonel Lohan suggested that the cable vetting story was under ‘D’ notice or even mentioned ‘D’ notices.

Having spoken to Mr. Johnson, I returned to dinner and informed Sir Max Aitken that Mr. Brown was complaining that a story was under ‘D’ notice which was one we had cleared with Colonel Lohan. Sir Max Aitken advised that since he had taken the call from Mr. Brown I should get in touch with the Foreign Secretary and inform him as to what the position was.

Accordingly, I returned to the office at about 10.45 p.m. and spoke to Johnson, who gave me his aide memoire of his telephone conversation with Lohan at 9.38 p.m. I then telephoned the Resident Clerk at the Foreign Office and asked to be put in touch with Mr. Brown. He gave me the number of Mr. Brown’s private secretary who he thought would be able to trace the Foreign Secretary.

Some time later I had a call from Mr. Bill Greig, Mr. Brown’s personal assistant, whom I have known for many years. I explained to him what the position was and on my saying that the cable story was not covered by ‘D’ notices and that we had had it cleared, he said that obviously the Foreign Secretary must be under a misapprehension and not to worry.

I then telephoned Sir Max and told him the action I had taken to get a reply to the Foreign Secretary.

Shortly after this Colonel Lohan himself came on the ’phone and said that was surprised to learn that we were running in our first edition a story on cable vetting which he understood we had promised that we would not run, since it was under ‘D’ notice.
I pointed out to Colonel Lohan at once that:

1. I had been assured by Chapman Pincher that he himself had stated that it was not under 'D' notice and

2. that though I had not been present when the conversation took place, I was quite certain that the only undertaking given by Sir Max to the Foreign Office was that if the story was under 'D' notice it would be stopped.

Lohan maintained that he had warned Pincher that the story was covered by 'D' notices. I pointed out to him that he had known both Pincher and myself for a number of years and must be aware that neither of us would print a story knowing it to be under 'D' notice. To this he agreed. He then added that since it was already in the first edition there was not much that could be done. I asked him if he could tell me under which specific 'D' notices the story came. To this he replied he could not as he had not the notices with him. He said that nothing could now be done and the conversation ended.

This was followed by a further call from Mr. Greig, who said that the Secretary of State was in a great rage and that he was "threatening all sorts of things". He had even gone as far as to say that he would ring up Cecil King as Chairman of the N.P.A. and complain that Sir Max had broken his word. I again reported to Greig that there could be no question of Sir Max having broken his word since all he had said was that the story would be stopped if it was under 'D' notice.

Mr. Greig said that he was sure it was under 'D' notice and I again asked which 'D' notice applied. My recollection is that it was in the course of this conversation that Mr. Greig agreed that Pincher knew as much about 'D' notices as anybody—"probably more than Lohan".

My recollection is also that shortly afterwards Mr. Greig rang again to say that it was specifically under the 'D' notice dated 27th April, 1956, reinforced by a subsidiary notice in 1961. (This may have been all part of one conversation, though I do not think so.)

I tried to telephone both Six Max Aitken and Mr. Pincher, but failed.

I was now faced with a categoric statement on the authority of the Foreign Secretary that the story fell under 'D' notice.

Despite my opinion that no 'D' notice applied and that Mr. Pincher had told me the truth, I felt obliged, in the light of Sir Max's undertaking to Mr. Brown, and because of what Greig had just said to me on the authority of the Foreign Secretary, to take the story out of the paper, and I gave the necessary instructions.

Although Colonel Lohan had already said that from his point of view nothing could be done since we had published the story, none the less I tried to telephone him to tell him of my decision to take the story out and to confirm that the 'D' notice ban was still being applied. I failed to get him, so I next spoke to Mr. Greig and told him of my decision and the reasons for it.

I then got on to Colonel Lohan and told him that I had decided to take the story out and assumed that nobody else would be able to use the story.

Colonel Lohan said that he clearly could not stop anybody else publishing and that he knew for a fact that both the Daily Mail and The Times were going to print the story.

At the end of his conversation Colonel Lohan added that on reflection he thought he should have got in touch with me last Friday—but he had not done so because he thought this would have meant going over Pincher's head.

This made it finally clear to me beyond any argument that a 'D' notice was not involved and that we had been subjected to Government pressure to prevent publication of something that was inconvenient. I felt, therefore, that Sir Max's pledge did not apply and ordered publication to continue.
I then telephoned Mr. Greig, acquainted him with what Colonel Lohan had said, pointed out that this was an entirely new situation and that I obviously could not take the story out of the paper. In this last conversation I again emphasised to Mr. Greig that whatever else was said about the story, there could be no question of Sir Max having broken his word. Greig said that he would make that clear to the Foreign Secretary in the morning.

Accordingly I countermanded my last order, and we continued to print. Within half an hour of my conversation with Colonel Lohan the next edition of the \textit{Daily Mail} arrived in the office with the cable vetting story leading the paper.

In the afternoon of Tuesday, 21st February, I was shown a report from the House of Commons that in an answer to a question on ‘D’ notices the Prime Minister had referred to the \textit{Daily Express} without mentioning us by name and had said that there had been:

“A clear breach of two ‘D’ notices, despite the fact that the newspaper concerned was repeatedly warned that it would be contravening the notice . . .”

Until this moment all conversations about ‘D’ notices had quite properly been regarded as being just as confidential as the notices themselves. Apart from any other consideration, it is impossible to debate publicly a difference of construction over a notice without disclosing the contents of the notice itself.

Shortly after I had seen the report, Chapman Pincher telephoned me to say that he had spoken to Colonel Lohan and obtained his permission to disclose what had passed between them.

This account was published on Wednesday, 22nd February.

At about 6 o’clock on Wednesday evening Colonel Lohan telephoned and said he would like to talk on the telephone or see me in my office. I suggested that he should come to my office, where he arrived at roughly 6.20 p.m.

He said that he had come to make two points. Firstly he maintained categorically that he had told Chapman Pincher on the Thursday that the ‘D’ notice did not apply.

He declared that in later conversations with Pincher he had said in his view the matter could be claimed to be under ‘D’ notice but that it was a perfectly tenable view—as expressed by \textit{The Times} that day, Wednesday, 22nd February—that it was not. Therefore he had argued with Pincher on the Monday on the basis of “putting the ‘D’ notices on one side”.

I asked Colonel Lohan if he had any objections whatever to Pincher’s story as published that morning.

Looking at a copy of the paper on my file, Colonel Lohan said that he did not accept the view expressed in paragraph number three that neither of the ‘D’ notices cited by the Prime Minister “could reasonably be applied to the matter in question”. He said that obviously they had some application, but that he had put them on one side in argument with Pincher since a contrary view could just as well be maintained. He added that in paragraph number four he would have preferred that Pincher could have reported that he “used all his powers of persuasion in the spirit of the ‘D’ notices”.

Apart from that he had no complaint to make about the report. He added that though he himself had prepared the original answer for the Prime Minister to Sir John Langford Holt’s question he had not been consulted about the reference made to the \textit{Daily Express} which had been tacked on the end. He did not agree with it.

Colonel Lohan said further that it was wrong that anyone else should have intervened on a ‘D’ notice question as he was the only channel between the ‘D’ notice Committee and the Press. After saying this and making some other comments he then left my office.

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STATEMENT BY MR. CHAPMAN PINCHER

By appointment at about 3 p.m. on the afternoon of Thursday, February 16th, a Mr. Robert Lawson came to my office in the Daily Express to see me. He told me that he had worked in two cable offices, Commercial Cables and Western Union, as a telegraphist, and had a story to tell of great public interest.

Mr. Lawson then told me that all the cables and overseas telegrams sent from and received by those offices were collected daily by a Ministry of Works van and sent to the Admiralty building.

He said they were held there for 48 hours, and were then returned to the cable companies. He said that his inquiries showed that this had been routine practice for at least two years and possibly longer.

He said that he believed that all overseas cables and telegrams handled by all other cable offices and by the Post Office were treated in the same way.

I told Mr. Lawson that if a person were under suspicion as a spy, it would be normal practice in any country for the security authorities to intercept his cables but I was not aware that all cables were being made available for vetting as a continuing process. He assured me that this was the case. I told him that I would make further inquiries.

Before he left, he told me he had previously given the information to the Daily Mail but he had decided to come to me instead because, against his advice, the Daily Mail had sent a photographer to photograph Government vehicles being loaded up with bags containing cables from Commercial Cables with whom he had previously been employed. He also told me that the London University magazine called Sennet would be publishing the story if nobody else did. He was interested in the magazine because for some months he had been a student at the University.

I asked Mr. Lawson if he had ever signed a statement which would make it an offence for him to tell me this information about the cables under the Official Secrets Acts.

He assured me that the only statement he had signed concerning his employment with the cable companies was one which committed him never to reveal the contents of the cables.

I then asked him what motivated his determination to get the information published. He said that after reading recent reports about the way letters belonging to a certain organisation were being opened and vetted, he felt the public should know about the far wider intrusion into the privacy of cables. He said he was particularly concerned that commercial information sent out in private by firms such as I.C.I. could become available to the Government.

At no time did Mr. Lawson ask for money and I made it clear to him that the Editor of the Daily Express would not be willing to pay for such information.

He was with me for about three quarters of an hour, and when Mr. Lawson had left I immediately rang the Defence Ministry and asked the Senior Information Officer, Wing Commander W. A. Harris, whether the story was true. As I expected, he said he would have to make inquiries.

Later he rang me back and said that the people he had been to see just raised their eyebrows in amazement and said nothing. Finally he agreed that the Ministry could neither confirm nor deny the story but would not even say this on the record.

It is common practice for Ministry spokesmen to refer to ‘D’ notices when these are relevant. No reference to any ‘D’ notice was made by Wing Commander Harris.

I then rang another official source who also made inquiries and told me, for guidance but not for attribution, that the information was substantially correct. Without this confirmation I would not have written the story.
At about 4.45 p.m. I telephoned Colonel L. G. Lohan, Secretary of the ‘D’ Notice Committee and told him the information which Mr. Lawson had given me. I asked him that if it proved to be true, was there any ‘D’ notice to prevent its publication. Colonel Lohan told me categorically that there was no ‘D’ notice to interfere with such a story. I therefore knew that the Editor could publish the story if he so wished.

Apart from the further confirmation of the routine practice which emerged during my subsequent discussions with Colonel Lohan, I obtained no further information. All the main facts in my report published in the Daily Express on 21st February were known to me when I spoke to Colonel Lohan on February 16th and I mentioned them to him.

At no subsequent time did Col. Lohan say to me that he had been wrong or had misinformed me during my first talk with him. Nor did he ever warn me that the Daily Express would be infringing any ‘D’ notice by printing the story. Had he done so I would have been bound to tell the Editor that I had been wrongly advised and that ‘D’ notices did apply, after all. In all my previous experience, when I have had to tell an Editor that the Secretary has ruled that ‘D’ notices definitely apply, the story has been suppressed.

I did not write the cable story on 16th February because I was heavily involved with the Defence White Paper, which had been published on that day, and also decided to make further inquiries on Friday. In fact they produced no further information.

In the early afternoon of Friday, 17th February, Colonel Lohan rang me to say that he would have to ask me not to print the cable story after all. When I asked why, he said that it would cause a diplomatic furore because every embassy would immediately think that its cables were being read. I thought this was a feeble reason and said so, pointing out that I understood that embassies were allowed to send messages in code.

Colonel Lohan nevertheless insisted that concern about the embassies’ reaction was so great that if necessary Mr. George Brown, the Foreign Secretary, would intervene.

He did not mention ‘D’ notices but when he said “This is a security business” I agreed to write nothing until I had seen him on Monday, 20th February. I arranged to call at his office where he said a security official would be present to explain the reasons personally.

On the Saturday evening I happened to be dining with Mr. Eban, the Israeli Foreign Minister, who was visiting Britain. I asked him whether he would be concerned if cables from his London embassy were read by the British security authorities. He laughed and said that he would expect them to be read. That, he explained, was why all embassies sent cables of any consequence in code. This satisfied me that the “diplomatic furore” alleged by Colonel Lohan was a rather wild Government excuse to achieve suppression. Moreover, Colonel Lohan never mentioned it again.

Colonel Lohan rang me again briefly at my home on Sunday evening to seek the telephone number of Mr. Lawson. He did not then know Lawson’s name but he told me that the Defence Ministry had informed him that somebody was hawking the cable story around and had already been to the Daily Mail. I told him Lawson had no number but was going to ring me and that I would give Lawson Colonel Lohan’s home number so that he could ring him if he wished. It was clear to me that Colonel Lohan had been alerted to the Government’s strong interest in having the story suppressed following my telephone call to the Defence Ministry. This was confirmed by Colonel Lohan’s subsequent statements that he was “under tremendous pressure”.

Later that evening Lawson rang me at my home to find out what was happening about the story. I told him I was going to see Colonel Lohan about it and that Colonel Lohan wanted to speak to him. I gave him Colonel Lohan’s telephone number.

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On the morning of Monday, 20th February, I rang Colonel Lohan to fix the time of my appointment at his office. He said he was terribly busy and asked to defer the meeting until the afternoon. As I had an appointment then, I suggested that we should lunch together, which would give us two hours to go over the whole business. He agreed.

Shortly after 1 p.m. he arrived at my table in the Ecu de France.

Colonel Lohan and I then got down to a discussion of the cable story. Colonel Lohan produced two ‘D’ notices from his pocket. He said that the first, dated 27th April, 1956, could not possibly be applied.

As to the second, dated 30th October, 1961, he said that this one had a marginal application but he indicated that he was not going to try this one on with me. He used a colloquial expression and put them both back in his pocket.

I was thoroughly familiar with the ‘D’ notice dated 27th April, 1956, having discussed it previously in other contexts with both Colonel Lohan and his predecessor. I know that its purpose was to prevent the release of information concerning secret Intelligence methods. An appendix made it clear that cable vetting could not be regarded as secret. The power is expressly provided in Section 4 of the Official Secrets Act of 1920. Editors are sometimes asked to avoid mentioning non-secret methods when specially requested in cases where particular persons are under surveillance. But Colonel Lohan did not mention that any particular case or person was involved. At no stage did he disagree with my information that the cable-check was a daily routine business. He stated that the check was made under warrant under Section 4 of the Official Secrets Act. I remember remarking that it seemed as though the warrant was being renewed on a regular basis, perhaps every month. He said he did not know but that was probably so.

I was also familiar with the second ‘D’ notice dated 30th October, 1961. From the way he set this one aside I knew that he meant that he was well aware that I was familiar enough with ‘D’ notices to realise that it was not valid in this case. I also gathered from him that he had made this clear to the security authorities.

I knew that the ‘D’ notice dated 31st October, 1961, requested editors not to refer to the fact that foreign communications have to be intercepted on occasions. I understood that this ‘D’ notice referred mainly to the . . . In so far as it could refer to the vetting of cables, I understood that its purpose was to avoid alerting particular individuals under suspicion, as in the case of the ‘D’ notice dated 27th April, 1956. The story I had put up to Colonel Lohan referred to the routine vetting of cables—a system in which all cables are made available for scrutiny if required. I was therefore not surprised when Colonel Lohan set this second ‘D’ notice aside without further comment. There was no argument whatsoever about the application of the ‘D’ notices.

I remember that I briefly reminded Colonel Lohan that a similar ‘D’ notice situation had arisen in the past with respect to telephone-tapping.

It had long been agreed that while newspapers should avoid referring to instances where a particular person’s or organisation’s telephone was being tapped for security reasons, there was no bar to writing about telephone-tapping in general or claiming that its use was excessive.

Colonel Lohan said that he had made these points known to the people who were putting the pressure on him. He then asked me to make a personal request on his behalf to the Editor not to publish. It was clear to me that he thought that since ‘D’ notices did not apply the only way of securing suppression of the story was to get me to ask the Editor not to print it.

This was a sensible line because on occasion it had worked in the past. Through my co-operation with Colonel Lohan and his predecessor, the Daily Express has previously withheld information it could have legitimately printed.

In this context he explained briefly—and confidentially—that cables were vetted by the security authorities in the hope of establishing a “pattern” of messages
which might lead to information of security interest. He said that since a foreign agent or person inimical to the State would not use the same cable office but would keep moving about, it was essential for all the cables to be available.

I told him that I had no doubt that examination of all cables would provide some very useful information but that to me it seemed an excessive infringement of privacy in a free society. I further said that I was sure that everybody in the restaurant would think the same if they knew about it and he agreed. I pointed out that the same arguments could be advanced in favour of opening all letters—if this were practicable.

Colonel Lohan did not intimate that any particular spy-hunt was on at the moment or that the security objections were in any way temporary. I understood that he wanted a complete, permanent ban on the story.

At no further time were 'D' notices mentioned. When we left the restaurant together I told him that I would write the story according to the facts as I had discovered them and give it to the Editor. I also promised I would report his urgent request that it should not be printed. I told him that if I were the Editor I should certainly print it. As I had already explained to Colonel Lohan, it did not seem to me to be a story which should legitimately be suppressed. On the contrary, I thought that it was in the public interest that the facts should be known.

I promised to let Colonel Lohan know the result of my talk with the Editor.

I returned to the office and wrote the story, which subsequently appeared the following day, and took it into the Editor personally at about 5.45 p.m. This was the first time that the Editor had heard anything about it.

I told the Editor that Colonel Lohan had agreed that the story could not be suppressed under any 'D' notice. I told the Editor that nevertheless strong Government pressure was being exerted on Colonel Lohan to secure suppression of the information and that he personally was requesting him not to print it.

The Editor read the story and called in Mr. Raybould, Mr. Peter Johnson and Mr. Andrew Edwards, the Legal Manager. The Editor asked me again about the 'D' notice situation. I said that Colonel Lohan agreed that no 'D' notice applied. I said no doubt there would be a row about it from the Whitehall end, but that in my opinion we ought to print the story. I believe Mr. Raybould asked if the Official Secrets Acts could possibly apply. I said no, because Lawson never signed the Official Secrets Act form. Mr. Edwards showed the Editor Section 4 of the Official Secrets Act, 1920. The Editor read this and said that the Section 4 powers should be referred to in the story. I then went to my office and inserted this paragraph. I took it back to the Editor and he decided to print. It was not, however, certain that it would be used that night. It was now about 6.30 p.m.

At about that time I telephoned Colonel Lohan to tell him that I had written the story and had told the Editor of his request. I promised that if the paper decided to print the story that night I would inform him as soon as possible, but that I would not know the final decision much before 8.15 p.m.

Colonel Lohan said that in that case it would not be possible to reach him until he arrived home at Charing, Kent, at 9.30 p.m. and I promised to telephone him at that time.

I left the office at about 7 p.m., having arranged to telephone the Night Editor, Mr. Johnson, to discover the final decision. I got to my home at Ewhurst at about 8.30 p.m. and telephoned Mr. Johnson at 9 p.m. He told me that it had been decided to lead the paper with the story that night. I therefore telephoned Colonel Lohan as arranged at 9.30 p.m. and told him of this.

I was telephoned by the night news desk on two other wholly different stories at about 10.45 p.m., but through some fault of one of the extensions, my telephone was out of order when the Editor tried to contact me at 11.30 p.m. In any case, I could not have been of further assistance.

On Tuesday, 21st February, at about 4.30 p.m. I telephoned Colonel Lohan. He confirmed his original statement to me that 'D' notices were not involved.
He also said that the Prime Minister's statement to Parliament that afternoon that a certain newspaper (meaning the *Daily Express*) had infringed two 'D' notices after being warned, was not based on any brief given by him.

In the afternoon of Wednesday, 22nd February, after the *Daily Express*'s refutation that morning of Mr. Wilson's charges, I spoke to Colonel Lohan on the telephone. He told me that he had been under the greatest pressures concerning a statement he had dictated earlier that day describing our discussions. He never suggested that I had been wrong in any way over the 'D' notices.

To assist in understanding the atmosphere in which all my discussions with Colonel Lohan were conducted, I should explain that he and I are old and intimate friends. Our relationship over defence matters dates back many years when Colonel Lohan was in the Defence Ministry information department and we speak on the telephone almost every day. Incidentally, I had an equally close relationship with the previous Secretary, Admiral Sir George Thomson.

As I understand the position no request, as opposed to a ruling, from the Secretary of the 'D' notice Committee can have the force of a 'D' notice. A 'D' notice, put up by a Government department, is not issued until its contents have been thrashed out by Press members of the Committee, who represent the interest of all newspapers, and who may reject it.

I further understand that no Press members of the Committee were ever consulted by Colonel Lohan at any time in this matter.

The existence of the request procedure must imply that in certain circumstances the request may not be granted, and Colonel Lohan appreciated this.

In my 21 years' experience, the *Daily Express* has always felt itself bound to honour a 'D' notice because, like any other newspaper, it gives the Press members of the Committee power to agree to them on its behalf.

But every newspaper must feel itself free to reject a *verbal request* made by the Secretary of the Committee that is not based on a 'D' notice. Otherwise there is nothing to stop the Government using the existence of the 'D' notice Committee as a means of imposing censorship at any time it likes.

I estimate that I have written more than 1,500 reports involving 'D' notice material without any previous complaint of any breach.

As the Tribunal on the Vassall case was told, I have letters written on behalf of the Directors of the Security Services—M.I.5 and M.I.6—expressing their gratitude for my efforts in securing the suppression of damaging information.

Among instances which can now be mentioned because they are out of date are:—

1. My discovery that the main walls of the huge atomic explosive reactors being built at Windscale were so defective that they might have to be pulled down. At official request, this was withheld by the *Daily Express* until the walls had been repaired and the plant was working.

2. The details of a situation involving the training of British secret agents in which trainees on an exercise in London 'kidnapped' a member of the public instead of the man playing the part of an enemy agent. This was withheld after the Government pleaded that publication would damage Anglo-American relations by making the British security services look stupid.

3. My discovery, during the time of the Government's purge of Communist scientists, that a senior member of the guided weapons organisation had been a Communist but was being allowed to keep his job.
At Government request, this news was held back until the man had been quietly transferred to a non-secret post.

It is part of my duty to advise the Editor when I suspect that an attempt is being made to use the 'D' notice procedure as an unfair way of muzzling the Press.

What I considered to be an attempt to do this was made by the Government in 1961—before Colonel Lohan became Secretary. His predecessor issued a blanket 'D' notice which, in my opinion, could have made it impossible for any newspaper to print anything about weapons beyond Whitehall hand-outs.

With the then-Editor's approval, I challenged the wording of this 'D' notice. As a result it was raised in Parliament by Mr. George Brown, then Deputy Leader of the Opposition. In consequence the 'D' notice was greatly modified.

(vii)

STATEMENT OF SIR MAX AITKEN

I am the Chairman of the Board of Beaverbrook Newspapers Limited.

At about 10.10 p.m. on Monday, 20th February, while I was at a dinner at the Garrick Club in honour of Sir Trevor Evans, a waiter came up to me and told me that a Mr. George Brown was on the telephone and would like to speak to me. A speech was in progress and it was a minute or two before I got to the telephone in the front hall porter's box.

The telephone was on the hook so I rang the Daily Express who told me that Mr. Brown was still holding on for me. After a few pleasantries he said that he wanted to discuss a story that we were running in our Glasgow edition that was under 'D' notice. He said that he wished I would do something about taking it out. I said that I did not know what it was about, but that if the story was under 'D' notice I would certainly have it taken out. I said that Derek Marks was there with me and I would speak to him. Mr. Brown also said that if we held the story for 24 hours we would get a better story. I did not know what he meant but I did not press him.

On leaving the porter's box, I saw Harold Keeble who was walking down the stairs. I asked him if he was returning to the office, he said he was. I told him that the Foreign Secretary had been on to me saying there was a story in Glasgow which was affected by a 'D' notice; would he please look into it immediately and if it was the case take it out and ring me back.

I then went upstairs and spoke to Derek Marks. I told him I had had a call from the Foreign Secretary to the effect that we were running a story in Glasgow which was under 'D' notice; would he please look into it immediately and if it was the case take it out and ring me back.

I then went upstairs and spoke to Derek Marks. I asked him to find out and if this was the case to have the story taken out. Derek Marks then left to telephone the office.

On his return he told me that there was no such story. He could only conclude that Mr. Brown was referring to our national lead, but that this had been cleared by Colonel Lohan.

I then said to Derek Marks, as a matter of courtesy he should get at once in touch with the Foreign Secretary and tell him what the circumstances were.

I knew nothing about this story until Derek Marks told me of it on his return to the dinner. There was no reason why I should. I did not know what Mr. Brown was talking about. As he said it was in our Glasgow edition I thought it might be a Polaris story.

Later on that night the Editor told me that he had been unable to get in touch with the Foreign Secretary whom he understood was out at dinner, but he had spoken to Mr. Greig and told him that the matter had been cleared by Colonel Lohan.
STATEMENT OF STANLEY GEORGE MUNDAY

I am in charge of the editorial messenger boys in the Daily Express office.

A few days after Wednesday, the 22nd, when I had sent Floyd to Shell-Mex House for Mr. Pincher's secretary, Colonel Lohan came through to me on the telephone. He said "Are you the man that sends the boys out on their jobs?" I said "Yes". He said "Did you send somebody to me like Floyd?" I said "Yes". He then asked if I also sent someone like Smallman. I said "Just a moment, I'll look at the list." I looked at the list and said "Yes. I sent Smallman on Tuesday and Floyd on Wednesday." He said "Could I have their full names?" I said "David Smallman and Peter Floyd."

I knew later from the office that Colonel Lohan had been asking something about receipts. It was something to do with his having lost them or wanting the dates when the messengers came to him.

STATEMENT OF MR. MAURICE GREEN

I am the Editor of the Daily Telegraph.

I have read the cable-vetting story by Mr. Chapman Pincher. I do not consider that it is in breach of any 'D' notice.

In general these notices are designed to give guidelines. They are too ambiguous to be regarded as strict regulations.

27th April, 1956. I look at Note 1. This makes it clear what was intended. I would regard the vetting of cables as a matter of common knowledge. It is after all referred to in the Official Secrets Act. Then again, senders of cables are not allowed to use code which might defeat Ministry of Defence scrutiny.

31st October, 1957. As far as this is concerned I have always had great difficulty in thinking that telephone tapping in general was ever covered by a 'D' notice.

30th October, 1961. I do not consider that this makes the regulations any tighter. You cannot, in my view, tighten existing regulations without some clear and definite words. These general words are not enough. They are helpful guides and I do not think this applies to the general vetting of cables. One has to consider the meaning of the words "on occasions".

There are no grounds upon which Mr. Pincher's story could be considered a breach of any of these 'D' notices.

If Colonel Lohan makes a personal request not to publish I would regard this as a matter for my discretion. I would naturally give careful consideration to the request, but if I decided to publish I would not be in breach of a 'D' notice. These things are always a matter of compromise. I never regard such a request as binding in any way. It does not have the force of a 'D' notice.

Disregarding such a request is not contrary to 'D' notice procedure in any way. In such circumstances Lohan is putting forward only one point of view, and it is for me to decide what to do. If he based his request on the ground that publication would endanger the success of a specific current operation, then to put it mildly this would be a very important element in my judgment.

I do not consider it is in the least odd that a proprietor should not know about a lead story to his paper prior to publication. Indeed it is hard to imagine a case where a proprietor would regularly or often know of such things.
I am a director of I.P.C., editorial director of Daily Mirror Newspapers Ltd. and a member of the Press Council.

I was Managing Editor of the Daily Express from 1951 to 1956, and Editor from 1956 to 1962.

I have always taken a special interest in and had much experience of defence matters. In 1965 I advised the Minister of Defence, at his invitation, on information and public relations inside the Ministry. I had much experience over security problems and 'D' notices.

I made a speech at the annual conference of the British Academy of Forensic Science on the 13th June, 1964, in which among other matters I spoke about the present 'D' notice procedure.

I knew Rear Admiral Thomson very well, and of course I know his successor, Colonel Lohan, with whom I worked at the Ministry, very well.

When I was Editor Mr. Pincher was the Defence Correspondent, and we worked closely together. Accordingly, whenever any real problem relating to a 'D' notice arose, Admiral Thomson would come to my office and he and I and Pincher would discuss the matter.

There were two occasions between 1956 and 1962 when I was Editor when it was thought that the Daily Express had stepped marginally over the 'D' notice boundary. Both these problems were resolved by amicable discussion between myself, Mr. Pincher and Admiral Thomson, followed by a letter from me by way of explanation, which was accepted by Admiral Thomson.

Our relationship was always excellent and was one of complete trust. This of course necessarily included Mr. Pincher.

Mr. Pincher was always very highly regarded by Admiral Thomson, who singled him out as the outstanding Defence Correspondent, not only from the point of view of ability, but also because of his reliability, his integrity and the relationship he had established with Admiral Thomson and the Ministries. It was a relationship of complete mutual trust.

Immediately prior to the Suez operation I often met Walter Monckton, who was then Defence Minister, with Admiral Thomson. We had a number of discussions on the attitude of the Press to such matters as troop movements, overflying, and so on. In spite of the highly secret nature of the information there was never any question of any disclosures by Mr. Pincher, who was also often involved. He was completely trusted.

During the whole time I was Editor Mr. Pincher never once let me down over any matter of security (or indeed any other matter) and it must be remembered that during those years the situation was very much more difficult since there were very many more 'D' notices covering many more secrets.

Since the present case arose I have looked again at the two 'D' notices dated 27th April, 1956 and 30th October 1961. I have also read the Daily Express article of 21st February, 1967. As an Editor, experienced in defence matters, I can say that it would never have occurred to me that the 'D' notices in question could possibly apply to Mr. Pincher's story on cable-vetting.

As I understand the procedure, if the Secretary of the 'D' notice Committee says that a 'D' notice applies to any particular story it would not be used, even if the Editor concerned thought that the Secretary's ruling was entirely wrong.

From my experience with both Mr. Marks and Mr. Pincher I am certain that both were well aware of this well-established convention. An Editor or Defence Correspondent might subsequently question the ruling by referring it to the Secretary and if need be to the Committee. This is the correct procedure, but they would certainly never publish the story once they had received a categorical ruling that the proposed story was covered by a 'D' notice.
In my view, and I believe this to be correct, publication by one newspaper of a story that is subject to a ‘D’ notice does not permit others to follow.

As I understand the procedure, if it was considered necessary on security grounds to prevent the publication of a story which was not specifically covered by a ‘D’ notice, or in respect of which doubt was felt, whether a ‘D’ notice applies or not, the Secretary could have delivered to the Editor a private and confidential letter containing a formal request not to publish.

I would refer to the ‘D’ notice dated 27th April, 1956 which itself refers to private and confidential letters dated 28th December, 1950 and 31st July 1953.

Where a story had been under discussion between a Defence Correspondent and the Secretary for several days, and in the absence of any private and confidential letter, and where there had been plenty of opportunity to deliver one, in my opinion, as I understand the procedure, there would be no bar on an Editor publishing the story in the exercise of his own discretion.

I have been told the sequence of events and the situation which faced Mr. Marks on 20th February, 1967. I am quite satisfied that if I had been faced with a similar problem I would have acted exactly as he did under the present rules of procedure.

(xi)

STATEMENT OF MR. L. A. LEE HOWARD

I am the Editor of the Daily Mirror. I was, until my resignation, a member of the Services, Press and Broadcasting Committee for two or three years.

I wrote the letter published in the Daily Mirror of 25th February. That letter expresses my opinion, which I still hold.

I read Mr. Chapman Pincher’s story in the Daily Express of 21st February, and I am familiar with the relevant ‘D’ notices.

With regard to these notices, I say as follows:—

27th April, 1956. Checking cables is not a secret Intelligence method. I think this notice refers to the activities of M.I.5 and M.I.6. It does not refer to general activities such as routine cable vetting about which Mr. Pincher wrote. As regards Note 1 to the ‘D’ notice, while it may very well be the case that routine checking of cables would not be known among the general public, any security service of any other country would know of it. This Note makes it clear that particular operations will be covered by the ‘D’ notice, whereas general routine operations such as Mr. Pincher wrote about will not be covered.

31st October, 1957. Common sense indicates that Note 1 to the 1956 ‘D’ notice must apply here.

30th October, 1961. I understand this to apply to something entirely different from the subject of Mr. Pincher’s story. It is designed to stop anyone referring to anything that might identify the activities of M.I.5 or M.I.6. There is nothing in the routine vetting of cables that would fall within this ‘D’ notice. That is why the word “occasions” is used. I understand this to mean that if a sudden interest in cables were shewn by the Security Services you should not write about it. It cannot apply to a routine blanket activity that has been going on for many years. It might well apply to something which happened suddenly for the first time. Generally I would say that it would be elementary knowledge among agents that we look at cables, and anyone who could be assisted by this information would already know about it. We don’t want to publish anything that would help foreign agents. Chapman Pincher published nothing that would.

I do not know whether Colonel Lohan made a personal request to Mr. Derek Marks not to publish the story. In my view, Derek Marks had a complete discretion whether or not he complied with any such request, and I do not regard the action he took as being in any sense a breach of a ‘D’ notice or of the ‘D’ notice procedure.
Obviously if Mr. Pincher’s story had referred to a special occasion one would not have published it. However, it did no such thing. I think this is a very good example of an editor being justified in rejecting Colonel Lohan’s request. The argument that the practice is being wrongly applied and that the price paid for security could well be too high is a sound one.

I cannot imagine that Colonel Lohan would have done anything about trying to issue a P. & C. letter in this case. It would be too silly for words to try and issue a ‘D’ notice to stop Mr. Pincher’s story.

If Colonel Lohan had told me that a ‘D’ notice applied to this story before I was about to publish it I would not necessarily have had to agree with him. The proper procedure would be for me to re-examine the story and then argue with him to see if he could convince me. I would certainly not publish without taking it up with Colonel Lohan.

I do not know that an undertaking was given that if this story was covered by a ‘D’ notice it would be killed. However, whatever the ‘D’ notice position, there can be no point in taking it out once it has been published. Any foreign agent would be able to get hold of a copy of the Scottish Daily Express.

I have been told that surprise has been expressed at the assertion that Sir Max Aitken knew nothing of the story until he was told about it by Mr. Marks at the Garrick Club. I would have been astonished had I been told that he did know about it. This is not the sort of thing that a proprietor is concerned with.

(xii)

SUBMISSIONS ON BEHALF OF BEAVERBROOK NEWSPAPERS LIMITED

The following issues arise:—


2. Was there a breach of ‘D’ notice procedure or convention? (Hansard 23rd February, 1967, Col. 1975 and 1978.)

3. If there was any breach, was it deliberate?

4. If there was a breach, was it made despite repeated warnings given before publication? (Hansard 21st February, 1967, Col. 1432. Hansard 23rd February, 1967, Col. 1975.)

5. Were Sir Max Aitken, Derek Marks, and Chapman Pincher (or any of them) guilty of bad faith? (Hansard 23rd February, 1967, Col. 1975.)

I. THE PUBLISHED STORY: viz., Routine “Cable-Vetting”.

Elements in story:
(a) security.
(b) the interference with personal liberty or privacy arising from general interception and study of private documents by Government officials.
(c) political interest, following recent controversy over telephone-tapping.

II. ’D’ NOTICES AND THE ‘D’ NOTICE PROCEDURE OR CONVENTION

See RADCLIFFE REPORT page 35, paragraph 124.

(a) ‘D’ notices are letters of advice or request to Editors,
(i) warning if a story is protected under Official Secrets Acts,
(ii) requesting ban on publication as contrary to the national interest (page 35, paragraph 124).

(b) Notices are approved in draft by the Committee with its Press element, which is in a majority, and despatched with their agreement (page 36, paragraph 130, and page 37, paragraph 135).
(c) A clear case of national prejudice of “a military” nature must be made out (page 36, paragraph 131).

(d) Emergency procedure consists of the Secretary issuing a ‘D’ notice on his own, IF he obtains concurrence of 3 (formerly 2) Press members (page 36, paragraph 130).

(e) The ‘D’ notice system “encroaches upon the very delicate subject of Press freedom and to operate successfully it must not be subjected to overstrain and this basic condition of its existence must always be kept in mind” (page 39, paragraph 143).

(f) Respect for ‘D’ notices is contingent upon their confinement to “military” matters, and any attempt to go outside it is liable to be regarded with suspicion and be resented if a notice is thought to be “dictated by political considerations” (page 40, paragraph 143(a)).

Therefore, basic elements:

1. “Military” character of the subject.
2. Emanate from Committee on which a Press majority.
3. Must be absence of political or official considerations.


(A) Construction of terms of ‘D’ notices

(i) ‘D’ notices are letters of advice and request. They are not legal documents and it is unreasonable to expect them to be construed as such. They come from a Committee on which Journalists are in the majority to advise and help other Journalists.

(ii) Purpose of ‘D’ notices is to avoid revealing security secrets to potential enemies of United Kingdom (see Radcliffe, page 37, paragraph 133). It is not their purpose to conceal official activities from the public in the United Kingdom.

(iii) So, test of whether an intelligence “method” is secret, or is “to some extent of common knowledge” (see (i) of ‘D’ 27th April, 1956) is whether or not such method could reasonably be anticipated to be known to persons with some security knowledge and especially to foreign security services and agents.

(B) Relevant Notices 27th April, 1956 (with Appendix) Letters 30th October, 1957 and ‘D’ notice 30th October, 1961.

(i) Applying test, could foreign security reasonably be expected to know cables would be vetted?

SUBMISSION:

To many, cable vetting is common knowledge.

Use of code in telegrams is restricted by G.P.O.

Birkett Report refers to cable-vetting, emphasises the disfavour with which all interception is regarded, but states that its selective character goes some way to allay concern.

SEE page 13, paragraph 37.

page 14, paragraph 41.

page 15, paragraph 51.

page 26, paragraph 119.

page 27, paragraph 120—setting out numbers of telegrams and letters.

page 29, paragraph 133—N.B.
(ii) Would an Editor examining these 'D' notices CLEARLY appreciate they applied to a cable-vetting story—

SUBMISSION: No.

(a) See evidence—Editor Daily Telegraph.
—Editor Daily Mirror.
—Editorial Director, Mirror.

All state that in their opinion 'D' notices do not apply.

(b) Letter 31st October, 1957, lifted restriction on telephone tapping and refers to BIRKETT Report. BUT Birkett deals with interception of all communications, including telegrams and letters. The latter is so obviously known to be used on occasions (see Birkett, page 27, paragraph 120) that it is not referred to specifically in any 'D' notice.

Submissions on 1st issue—

1. Even if under a "lawyers interpretation" cable-vetting is a method within 'D' 27th April, 1956, and Appendix. It was certainly not a secret method to those engaged in security, especially foreigners. (See Radcliffe, page 37, paragraph 33, and Birkett, page 27, paragraph 120.)

2. Other experienced Editors did not interpret either 'D' as applying, and these are the people to whom 'Ds' are addressed.

3. According to Colonel Lohan, to brief the Prime Minister that cable-vetting story was "a clear breach of two 'D' notices" was "WICKED".

Therefore—no breach of 'D' notices
—no breach of either
—obviously no clear breach.

IV. 2ND & 3RD ISSUES: WAS THERE A BREACH OF 'D'-NOTICE PROCEDURE OR CONVENTION AND IF SO WAS IT DELIBERATE?

(A) If a breach in this case, must assume that where no 'D' strictly applies but where Secretary (after laying aside 'Ds') makes a request not to publish, such request is tantamount to a 'D' and rejection constitutes a breach.

BUT

(a) That is not part of the 'D' system.

(b) If a request has equal force to a 'D', the purpose of 'Ds' disappears.

(c) The Secretary, by himself, is only a part of the Defence side of the Committee, the majority of whom are from the Press side, and notices have to have the agreement of the Press members.

(d) A specific Emergency Procedure, whereby the Secretary can act with the approval of 3 (formerly 2) Press members, exists. This procedure was NOT used in this case, although opportunity to invoke this procedure existed until at least 8.15 p.m., Monday, 20th February, 1967.

SUBMISSIONS:

1. In the face of a personal request by the Secretary, an Editor is entitled to balance against that request considerations concerning public interest and the possibility that the request could contain elements concerning official or political embarrassment.

2. The Editor considered the nature of this story and its public interest elements and since 'Ds' did not specifically apply, he decided in his rightful discretion to print.
V. THE 4TH & 5TH ISSUES:

(a) Were repeated warnings that the story was in breach of ‘D’ notices given before publication, and
(b) Were Sir Max Aitken, Mr. Marks and/or Mr. Pincher guilty of bad faith?

1. MR. PINCHER

THURSDAY, 16TH FEBRUARY, 1967

(i) **Common ground:** Chapman Pincher telephoned to Colonel Lohan and enquired if ‘D’ notices applied to a certain story. Colonel Lohan said they did not apply.

**Conflict:** Lohan said Pincher story was about collection of telegrams for vetting from G.P.O.

Pincher said he spoke of collection of cables for vetting from cable offices.

**Corroboration of Pincher:**

(i) W/Cdr. Harris said that “A little after 3 o’clock” Pincher had asked him about the collection from cable offices that afternoon. This would be before Pincher spoke to Lohan (cf. Lohan’s evidence). Harris said that if a spokesman knew a story was under a ‘D’ he would say so. Harris said nothing to Pincher about ‘Ds’.

(ii) O’Brien says Pincher spoke of cable offices and cables.

**Consequence:** On Thursday, 16th February, 1967, Pincher had been informed ‘Ds’ do NOT apply.

FRIDAY, 17TH FEBRUARY, 1967

**Consequence:** —Pincher says Lohan telephoned, spoke of pressure, embassies and diplomatic furore, and requests Pincher not to write until Monday, 20th February, 1967.

—Lohan does not recollect any such conversation and denies spoke about embassies.

**But**

**Corroboration for Pincher**

(i) Lohan admits he spoke to Daily Mail on Friday relating postponement. Therefore, likely to have spoken to Pincher also. Moreover, Mail included ... in their story until Colonel Lohan asked them to excise. them to excise.

(ii) Pincher speaks to Mr. Eban on Saturday, 18th February, 1967, generally to ascertain diplomatic reaction to Lohan’s story given Pincher on Friday, 17th February, 1967.

(iii) Foreign Secretary was alerted on Friday, 17th February, 1967.

**Consequence of Friday conversations**

Pincher not impressed by Lohan’s Friday explanations after Lohan’s Thursday clearance for ‘Ds’, and suspects official motive behind change of attitude.

LUNCH, MONDAY, 20TH FEBRUARY, 1967

**Common ground:**

(a) Lohan produced ‘Ds’: ‘Ds’ “laid aside”, and Lohan tries to persuade Pincher advise Editor not to publish.

(b) Pincher vehement on public interest issue and infringement of individual and commercial privacy.

(c) There was no mention that any specific operations were in hand.

(d) Pincher promises to pass on to Editor Lohan’s request.

(e) On parting, Lohan had not “won his battle” in persuading Pincher should not be published.
POST LUNCH, 20TH FEBRUARY, 1967

Common ground:
(a) Lohan goes to Daily Mail “lays aside ‘Ds’”. Mail understands from Lohan specific operation was going on. (N.B. with Pincher this never mentioned.)

Evidence:—Matthewman
—Macpherson

SUBMISSIONS:
1. Lohan took ‘Ds’ to Daily Mail, but he laid them aside and did not apply them. Attitude of Daily Mail was that a request from Lohan was tantamount to application of ‘D’, although ‘Ds’ specifically laid aside. (This interpretation rejected by other Editor witnesses).
2. If Lohan did not apply ‘Ds’ to Daily Mail (admitted), how can it be said that Lohan did apply ‘Ds’ with Pincher and Express.

(b) Pincher writes and first discusses story with Editor 5.45 p.m.
(c) At about 6.30 p.m. Pincher telephones Lohan.
(d) Lohan leaves at latest 7.30, catches 7.49 and arrives Charing, Kent, 9.11 p.m.

Conflict:—Lohan claims about 3 to 4 conversations and that Pincher sent that evening for ‘Ds’ from him.
—Pincher says only one conversation, when Lohan said not be available at 8.15 as en route and home by 9.30.

Relevance:—Lohan indicates Daily Express considering ‘Ds’ on evening of Monday, 20th February, 1967 (i.e. goes to “warning” issue).

BUT
1. Common ground that receipts produced show apparent date alterations.
4. After House of Commons Statement, Colonel Lohan spoke to Munday (i/c Express messengers) to enquire names of messengers and
5. Colonel Lohan’s secretary enquired of Daily Express when messenger been sent.

SUBMISSIONS:
Incorrect ‘Ds’ sent for by Express from Lohan on Monday evening, 20th February, 1967.

No contact Express with Colonel Lohan AFTER Pincher spoke at about 6.30 p.m. until 9.38 p.m. when Lohan spoke to Johnson.
Arrangement been made at 6.30 Pincher telephone to Colonel Lohan at home 9.30 just after Lohan’s arrival at Charing Station at 9.21.
Lohan of his own volition went out of contact during vital period 6.30–9.30 p.m.

2. MR. DEREK MARKS
(i) Editor first heard anything about story 5.45 Monday, 20th February, 1967.
(ii) Editor was assured by Pincher ‘Ds’ did not apply.
(iii) Editor checked that Official Secrets did not apply.
(iv) Pincher passed on Lohan's personal request not to publish.
(v) Editor assessed not only Lohan's request but also political interest in story of a general interception of communications on such a wide scale.
(vi) Between 6.30 and 7.10 p.m. having received no letter or further word from Colonel Lohan Editor decides in exercise of discretion that, since assured 'Ds' not apply, he would publish.

**Therefore, save from the request from Lohan conveyed by Pincher, he received no warning not to publish.**

**Before publication, he received no warning that the story was in breach of any 'D' notice.**

(vii) Press times

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(viii) 10.15 Editor at Garrick Club dinner for Sir Trevor Evans receives a message from Sir Max.

*N.B.* BY THEN all schedule times past. Although, in fact, only Glasgow gone to press.

(ix) 10.30 Editor speaks to Johnson, after speaking McColl in Glasgow, and is told of Lohan's conversation with Johnson, when there had been no mention of 'D' notices. (Monday, 13th March, Transcript, p. 30.)

(x) 10.45 Editor returns to office and reads Johnson's memorandum. By then, London, Manchester and Glasgow gone.

(xi) About 11.40 p.m. Greig telephones to Editor and says the story is under 'D' notice.

(xii) 12.45 a.m. Editor informs Lohan that he is stopping the story, but is then informed that *The Times* and *Mail* publishing so Editor decides to continue on ground that 'Ds' clearly not being invoked.

**Summary of Position of Editor**

1. Between 5.45 and 7.15 Editor decides, in the exercise of his discretion, to print, having received assurance from Pincher 'D' notices did not apply.

2. Editor personally received NO WARNING that the story was under 'D' notices until WELL AFTER publication.

3. Editor exercised his discretion as he did because he did not consider a request from Lohan via Pincher had the equivalent force of a 'D' notice.

**Submission:**

No evidence he printed story despite warning it was under 'D' notice. Editor's interpretation of 'D' notice procedure was correct.

3. **Sir Max Aitken**

(i) 10.10 Sir Max receives telephone call from Foreign Secretary at the Garrick Club.

*N.B.* (Foreign Secretary did not know Sir Max at the Garrick dinner.) Sir Max (being called to the telephone at the Garrick) assumed that he did.
(ii) (a) Foreign Secretary believes Sir Max said that the Editor was “beside him”.

(b) Sir Max said that he said that the Editor was “with him” (meaning at the Garrick dinner).

(iii) Sir Max says that the Foreign Secretary said they were running a story under ‘D’ notice in Glasgow.

(Corroboration: Editor almost immediately after speaking to Sir Max telephones Glasgow to check.)

(vi) (a) Sir Max says he did not know to what story the Foreign Secretary was referring.

(b) Foreign Secretary “believes” that he did (March 14th, p. 14 Transcript).

SUBMISSION:

No evidence that Sir Max did.

Evidence to contrary from Editor.

Possibility Proprietor necessarily knew of story unlikely.

See evidence—Mr. Green (Telegraph)

—Mr. Lee Howard (Mirror)

(v) (a) Foreign Secretary says Sir Max said he would stop the story.

(b) Sir Max says he said if they were running a story under ‘D’ notice, he would stop it. (Foreign Secretary agrees: see Transcript 14th March, p. 13, 1st paragraph.)

CORROBORATION:

(a) Editor’s evidence.

(b) Editor’s assertion when he first speaks to Greig that the cable-vetting story had been cleared earlier, i.e. Editor asserting story not under ‘D’ and therefore no requirement to stop under Sir Max’s undertaking.

(c) Sir Max’s version consistent with what subsequently happened, with probable conduct of a Proprietor, and with the fact that a check would be made before the story stopped.

SUMMARY OF POSITION OF SIR MAX

No breach of faith.

Did as promised, namely, that the story would be taken out IF + if was under ‘D’ notice.

CONCLUSION

1. This is an examination to discover if there was any bad faith over publication of this story, and this issue should be considered judicially.

2. The onus must rest upon those who assert.

3. No evidence of bad faith by anyone. At worst misunderstanding, and, if that, not brought about by Sir Max, the Editor, or Mr. Pincher.

4. Daily Express is entitled to the following findings:

(a) That there was no breach of any ‘D’ notice;

(b) That there was certainly no clear breach of two ‘D’ notices;

(c) That there was no breach of the ‘D’ notice procedure or convention;

(d) That there were no warnings whatever before publication;

(e) That where a story contains public interest elements beyond solely security, and where it is believed no ‘D’ notices apply, an Editor may exercise his discretion and cannot be criticised for exercising it in a way which officialdom dislikes.
APPENDIX IV

Verbatim Record of Oral Evidence heard by
The Radcliffe Committee of Enquiry

A. Monday, 13th March, 1967

Witness: Colonel L. G. Lohan

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B. Tuesday, 14th March, 1967

Witnesses: Mr. W. L. Greig
The Rt. Hon. George Brown, P.C., M.P.
Mr. N. Taylor
Wing Commander W. A. Harris, R.A.F. (retd.)
Mr. T. A. O'Brien
Mr. E. V. Matthewman
Mr. C. A. Macpherson
Mr. A. Brittenden
Mr. Chapman Pincher

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C. Wednesday, 15th March, 1967

Witnesses: Mr. Chapman Pincher
Mr. D. Marks

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D. Thursday, 16th March, 1967

Witnesses: Mr. D. A. Greenhill, C.M.G., O.B.E
Mr. C. T. E. Ewart-Biggs, O.B.E
Colonel L. G. Lohan

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E. Tuesday, 21st March, 1967 (10.30 a.m.)

Witnesses: Mr. D. Marks
Sir Max Aitken
Mr. S. G. Munday
Mr. M. Green
Mr. L. A. Lee Howard
Mr. E. Pickering

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Concluding Statement by Sir Peter Rawlinson, Q.C.
(3 p.m.)


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F. Monday, 10th April, 1967


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G. Tuesday, 11th April, 1967

Witnesses: Mr. Nigel Lawson (accompanied by Mr. Alan Watkins)
Mr. L. J. Dicker

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MINUTES OF A MEETING OF THE COMMITTEE HELD IN THE
CABINET OFFICE ON MONDAY, 13TH MARCH, 1967, AT 2.30 P.M.

Present:
Lord Radcliffe (Chairman)
Mr. E. Shinwell
Mr. Selwyn Lloyd
Mr. D. J. Trevelyan (Secretary)

The following gave evidence:—
At 2.30 p.m. Colonel L. G. Lohan
(Secretary, Press and Broadcasting Committee)

The following attended:—
Sir Peter Rawlinson, Q.C. Representing Beaverbrook Newspapers Ltd.
Mr. Brian Neill the senior executives of the Daily Express
Mr. A. Martin and Mr. Chapman Pincher
Mr. A. Edwards
Mr. Chapman Pincher
Mr. T. Blackburn
Mr. F. W. Brotherton

Lord Radcliffe described the procedure to be adopted by the Committee.

Sir Peter Rawlinson: There are two other witnesses who have not been
informed. One is Mr. Raybould, the deputy editor, who is one of the senior
executives, and therefore I would like to call him as a witness. Then there is
Mr. Edward Pickering who is really a witness as to character, as it were, of
Mr. Chapman Pincher, and also there is really his view of the ‘D’ procedure
which I would like to pray in aid with regard to what happened in the office
of the Express that afternoon.

Chairman: If you want to you may, but they did not take part in the
exchanges.

Sir Peter Rawlinson: Raybould was present when various conversations were
being spoken, so he could add to that, and therefore if there is conflict perhaps
I might use my discretion in calling him. He is one of the senior executives
who feels he might be involved in the suggestions that are made.

Chairman: If you want to call them you can. What we want here to do
under this procedure will be primarily to call Colonel Lohan, the Secretary of
the Press and Broadcasting Committee, whom you know, and then according to
our information two other persons who had communications of a direct order,
Mr. Greig from the Foreign Office, and the Foreign Secretary himself, Mr.
George Brown, who I think will be available tomorrow afternoon, who had
an exchange, as I understand it, with Sir Max Aitken, and Sir Max Aitken will
be available for us to hear next week. There are two other persons, that is
people in the press office of the Ministry of Defence, and in the press office
of the General Post Office, who had queries from Mr. Chapman Pincher at an
early part of the build-up of the incidents, and I do not know whether there
is in fact any difference of statement about what passed between them and
him. If there is you would want to hear perhaps what it is that they have to
say about what they said to him and what he said to them.

Sir Peter Rawlinson: Yes.

Chairman: Do you know of any difference?

Sir Peter Rawlinson: I do not. All I know is that there were conversations,
and I know what Pincher states. I have seen a list that has been kindly
provided of those by name, and it seems to be at least certainly one of them
Mr. Pincher did speak to, and I should not have thought there is much conflict
on that.

Chairman: You are certainly entitled to hear what they have to say of what
passed between them and Mr. Pincher if you want to.

Sir Peter Rawlinson: From my instructions the only person with whom there
are about 12 conversations was Colonel Lohan, and there may be little conflict
or there might be quite a lot.

Chairman: We shall be hearing Colonel Lohan from now onwards. On that
basis we shall start.

EVIDENCE OF COLONEL L. G. LOHAN

Chairman: Colonel Lohan, we are going to go through what you can contribute
on this question of what passed between you and various representatives of the
Daily Express and the Daily Mail on the days leading up to Mr. Pincher’s article
on 21st February. You have provided for the committee an aide memoire. If
you want to look at it . . . —A. May I refer to it?

Q. Have it in front of you so that we can get along quicker that way. I am
only going to ask you to tell us at this stage of those parts of your experience
which consisted of exchanges between you and the Express and the Mail. Now
just to get it on the record, you are the present Secretary of the Press and
Broadcasting Committee? —A. I am.

Q. You have been since . . . —A. Part-time since April, 1963, full-time since

Q. And you took on when Admiral Thomson. . . . —A. When Admiral Thomson
had a stroke. At a moment’s notice I had to take over. There was some little
crisis on and so I took over while still D.D.P.R. in the Ministry of Defence.

Q. Your previous experience in press and information matters was what? —
A. I was in fact director of a publishing company way back in 1935, and that
is a long time ago. Prior to that I had no experience with the press, other
than as a reader, until about some time towards the end of 1957 when I was
being consulted by the Director of Public Relations at the Ministry of Defence
and finally came on to the staff early in 1958.

Q. From 1958 you were in the Public Relations side at the Ministry of
Defence? —A. I was.

Q. Are you now a serving officer? —A. No, my Lord, I retired on 31st
December, 1963. The next day I took over my present job.

Q. Now may I take you to the events relating to our present inquiry. I think
they begin on the afternoon of Thursday, 16th February, when you had a
telephone message from Mr. Chapman Pincher of the Daily Express? —A. That
is correct, a well-remembered afternoon since it was the afternoon I think that
the White Paper on Defence was produced. He rang me in the afternoon,
and said—I cannot remember his exact words, but something like—“Is there a
‘D’ notice on G.P.O. telegrams being collected and sent to the Ministry of
Defence?” My answer was, “No, there is no ‘D’ notice on that, but get on
to the Ministry of Defence and come back to me.” He said he would.

Q. Did you look up your file on Defence Notices before you gave that reply,
or were you speaking from memory? —A. I did not look it up. There was no
need to. There was no need for me to look it up.

Q. Then I think having given that reply nothing further passed on Thursday,
16th? —A. Nothing at all.

Q. Then shall I take you to Friday, the 17th. Did you learn anything on
that day about publications or intended publications of a story about cable
vetting? —A. Yes, my Lord, it was mostly on that day, it was concerned not
so much with the Express, I think it is proper to establish, I knew the Express
were involved. I was ‘phoned by a member of the staff of . . . who said
that enquiries were being made by the Daily Mail, I think a Miss Haddon—I
may be wrong and it may be Haddow, but I think Miss Haddon—and they thought also that the Express might have the same story. I said words to this effect “Oh my God, yes.” I suddenly spotted what I think . . .

Q. I think, because you will have realised we are dealing with potentially secret matters, it is better if you do not refer to Government agencies by name or identify them. What we are concerned with is what passed between you and what I will call the outside bodies.—A. I spoke to three Government agencies that day, all on the same matter. The moment that I knew that there was a story which involved 'D' notices the first thing I tried to do, or what I succeeded in doing was getting hold of the Daily Mail. I spoke to someone on the telephone, and eventually I got hold of—I have to refresh my memory—Mr. Matthewman of the Daily Mail, who held the right kind of responsible position, and I think he was the managing editor. I tried to get the editor. He was not available. I very briefly outlined what I knew, that Miss Haddon had been making enquiries about the collection of cablegrams and telegrams. I told him that this was certainly covered by the ‘D’ notice, and would he hold it up, and I would be very glad to come up to London straight away. I had been at home, by the way, on that particular Friday and was going to do a local job. I said “I shall come up straight away” and his reply was extremely courteous, he said, “Colonel, if you say so, we do not publish” and there was very little discussion. Later on that day the Defence Correspondent, Angus Macpherson, of the Mail rang me up and asked me questions of a very general nature, and I said to him almost the same as to Mr. Matthewman, I said “I am seeing your people anyhow, and we will leave it at that.”

Q. Questions about what?—A. About the story, he presumably had been told by Mr. Matthewman that I had telephoned. I suppose he thought it was a defence story. Anyhow I was telephoned by Mr. Angus Macpherson, but the conversation was of little consequence and I confirmed what I had already said. Having got the promise from the Daily Mail that all was well until such time as I could see them, and there was no hurry, I then tried to raise Mr. Chapman Pincher. I think it is important here to say that I had to think for a moment who to try to get in touch with, the editor on Friday, or get in touch with Chapman Pincher, and I came down on balance that I should try to telephone Pincher because he had already spoken to me about the story.

Q. I take it you knew Mr. Chapman Pincher himself well?—A. I go so far as to say I consider him one of my very great personal friends, apart from the work. I could not raise him, I telephoned him at his home and his office, and I have no record of having spoken. I have several records of having telephoned his home and office but he was not available. In fact I did not speak to Mr. Chapman Pincher until the Sunday evening. I think he was good enough, he telephoned me, and I was very glad to speak to him. We admitted, or we agreed we could not discuss a great deal over the telephone, but he said, “Look, let us leave it for the moment, I am not going to go anywhere tonight, let us meet for lunch tomorrow and discuss it”, which I agreed.

Q. That is Sunday, the 19th?—A. That is Sunday, the 19th.

Q. And a lunch appointment on Monday 20th?—A. A lunch appointment for one o'clock. In the meantime I had also agreed to see the Daily Mail immediately after lunch, and I have no record of it, but I have a recollection of having spoken to Mr. Matthewman, I know we had discussed the fact, and I am not very sure, but I think I had spoken to somebody on the Daily Mail in Mr. Matthewman’s office to confirm that they knew the Daily Express had got the same story. I can tell you there were so many telephone calls that it was impossible to keep a check on all of them. That is as far as I can go for the preliminaries. May I now go to the conversation?

Q. You met for lunch at a restaurant?—A. At the L’Ecu de France in Jermyn Street on Monday 20th.

Q. What we want to hear on this subject is what passed, and if possible in what sequence, between you on one side and Mr. Pincher on the other?—A. The
usual greetings. I sat down on his right and immediately produced from my inside pocket here (demonstrating)—I did not want to carry a bag into a restaurant—a copy of two ‘D’ notices. One was a ‘D’ notice dated 30th October, 1961 which deals with the interception of communications, and the other of the 27th April, 1956, which dealt among other things with methods used by the intelligence services. Almost immediately—there might have been a word or two but I have no recollection of it—but almost immediately Chapman Pincher waved them aside and said, “I know them all by heart.” I thought that was rather amazing and I said, “So do I, but that is not the point.” I said, “All right, just a second.” I then went off on another tack. I used the technical expression “spin off”, which I had better explain. It is a technical expression. If, for example, by making a nose cone for a weapon you manage to find a way of lining kettles so that they do not burn, that is called a “spin off”. I said to Chapman Pincher, who is a man who uses a lot of these sorts of expressions, I said, “Well, let me say straight away that there is a “spin off” of political embarrassment about this issue, and I cannot dodge it. A story of this sort published would be politically embarrassing.” I said, “You know very well my attitude about this, and it is well known. No one is under any illusion. I would not defend a single action under a ‘D’ notice merely to avoid political embarrassment. I will have nothing to do with it.” He said, “I realise that.” I said, “May I say I do not have to refer to that again, the political embarrassment.”

Q. You would not have anything to do with any political embarrassment.—A. And having made that point, seeing his agreement, political embarrassment was not an issue, I then went back again to the ‘D’ notices.

Q. Just let me ask you a question. When you said you did not go back to it, what does that mean, you put them back in your pocket?—A. No, I opened them up as it were, and looked at them again and put my finger on it, there are about 10 words involved, a line on one and a couple of lines on another, and again Pincher waved it aside and said, “No, no, they do not apply” and he then argued that the ‘D’ notice of 27th April, 1956—and perhaps . . .

Q. Yes, we can all look at them. Just tell me, did you point to any particular part of these? They are quite long.—A. I am not going to read them to you. I then pointed to this particular part, and it was the only part I was concerned with.

Q. On the 1956 one did you point to. . . .—A. Yes, the bit that says:—

“Will you please in the national interest make no reference to the following: (i) Secret intelligence or counter intelligence methods and activities in or outside the United Kingdom.”

He argued vehemently that the collection of telegrams and cables was an absolute parallel, and he was quite strong about this view, very strong indeed, it was an absolute parallel to telephone tapping or opening of mail; in other words it did not come under ‘D’ notices. I have to admit, my lord, on the question of making this particular section, as it were, parallel, that it did not operate because the action of collecting telegrams was parallel to telephone tapping, he had a point there, because on 31st October, 1957, my predecessor put out a ‘D’ notice—not a private confidential letter—a ‘D’ notice saying:—

“You can no longer be asked to maintain secrecy on the use of ‘telephone tapping’ as one of the methods employed by the security service. But you are earnestly requested in the national interests not to name or identify by description any person in whose case it is suggested that this method has been, may be, is being or will be used, unless you are satisfied that his activities do not justify action on security grounds.”

I am not sure what the last fifteen words mean myself, but it is quite clear telephone tapping was out as being required to have any kind of secrecy. On the subject of opening letters there never has been any ‘D’ notice consideration about that at all. I argued that this was not parallel. May I say, my lord, that at this particular time he was getting very, not angry, but vehement about the points he was making. I said, probably with some distress, “Oh, for heaven’s sake, let us put the damned things aside”—these were the words—“and let us argue about what really is at stake.”
Q. At that point had you reached the wording of the 1961 Defence Notice, the other one?—A. Not yet. I came back to that later. I said, "Let us put this aside," and he then said, "You have said that these telegrams and cables are collected under a warrant. Surely this finishes the argument, and it is now exactly parallel to telephone tapping and mail, and it is done under warrant." I said, "No, I still cannot accept it. This is of much more general application. When you have a telephone tapped or mail opened, it is quite specific, the warrant is specific. This is not a specific warrant and the Act is in itself very very broadly worded. On this particular portion of the Act, and in fact to achieve the object of this particular operation, the net must be cast wide, very wide." We then went on, and I did describe to him why the net had to be cast wide, why it had to have a central point to scrutinise the material, and this he seemed to accept.

Q. You mean from a practical point of view?—A. For sheer practical operation purposes you could not have tiny little men hidden under counters at Post Offices, and you could not expect any kind of co-ordination if you had someone looking at something up in Glasgow—and these were the ones I used with him—and looking at it at Glasgow, Birmingham or Bristol, or any other point, and it would be quite impracticable. They had to be collected and scrutinised. It would be quite impossible to expect any particular post office or cable station to discriminate on your behalf, and this again was quite impossible. All this he accepted as being an intelligent description of what happened. He maintained this view so hard about this being equivalent to telephone tapping that I almost gave up in despair and said, "All right, let us go back to the other one" and we referred to this one of 1961. Well, I shall have to reserve certain remarks I made about this myself, but on the face of it it was a difficult one to push. One was skating on extremely thin ice.

Q. We do not so much want your sentiments about it as what passed between you?—A. I have to tell you my sentiments because a lot of this is atmosphere and conversation, and not as it were a recorded thing, but done between friends. I have to tell you I felt I was of course skating on thin ice because I have some influence on Chapman Pincher. This says quite clearly:—

"The various methods used in the interception of foreign communications for secret intelligence purposes."

This put Pincher right off on a very positive tack. "How in the name of heaven can you pretend this is the interception of foreign communications?" I said, "It includes foreign communications and communications made by foreigners. It must be." He said, "You have just told me that the net is cast wide, and this can apply to every and all cables and telegrams." I said, "Yes" and he said, "I do not believe this applies at all" so again I said, "All right, let us put that aside and let us argue now even more generally on why you should not publish this story." I think we went into the conversation, which I will repeat if you like, where he then told me fully how he had got the story from this young man Lawson and told me a great deal of what Lawson had repeated to him. I listened to this, and it must have taken up three quarters of an hour, the conversation, but I asked him to tell me all he could, and I kept on interjecting by saying, "I do not know, I am not sure, I am not a lawyer" because he kept on putting a number of questions—"Was the young man subject to the Official Secrets Act?" and I said "I do not know", "What are the rules governing people who work in cable offices?" and I said "I do not know" and all this went on and I do not know the line. However, I then managed to get the conversation back again to this being an intelligence operation. Again I am at a little bit of a disadvantage here, because I could not admit to him forthright that this was what he called an MI 5 or MI 6 operation, and I said we would have to leave it at that.

Q. We do not want you to enlarge upon the various security considerations that were in your mind. What did you say to Mr. Pincher?—A. I went on to point out to him what a fruitful operation this was in intelligence terms as best I could. I said to him, "Look, if you had, for example, a pattern of addresses, or a pattern of signatures, meaning that if you were looking for a pattern of things going in one direction being sent by a person, or if you saw a pattern of code within plain language, a plain language code, do you see
how useful this would be to get agents or people who were acting against our interests, could you see how useful it is that we should be able to keep tracks of this?". I saw that this made a point with him, and this was making a point, and I pressed it quite hard. I went on over and over again. There is little more to say, except I thought by the time we had finished that he was convinced in his own mind, although he kept on, for example, saying, "Yes, but this has never happened before" and I said, "My dear Harry, it has been going on since 1920, and it came to quite a crescendo just before the war, and it has been going on ever since, and it is a continuing operation." He then came back to some crack about "When was the warrant signed?" and I said, "I do not know," but I thought I had convinced him that this was in the public interest, not to publish.

Q. Just at that point, if I understand what you say, you had said to him, you had stressed its potential importance as an intelligence operation?—A. Yes, undoubtedly. I must admit—whether this is a piece of stupidity on my part I very much doubt; when I am able to say other things you will see I was forced into a corner. I think I was right in every way not to keep to the letter of the law. I could show you that, in another episode which involved Harry Chapman Pincher, where I defended him against an attack from the Ministry of Defence. He does not know I did, but I did.

Q. I do not want you, while we have the Express here who do not necessarily agree with what passed between you, to go into your own background. Try to confine yourself to what you heard from them in your own various exchanges and what you said to them. Never mind that, that is another question we may go into later.—A. I think I am right in emphasising once again that I was right to put these aside—that was the expression I used. The word "relevance" has cropped up; may I say something about this? It is something he expressed during the conversation.

Q. If Mr. Chapman Pincher said it, yes.—A. Not once during the conversation did he use the expression "relevant" or "not relevant"; the question of their relevance never came up. The word I am sure never cropped up at all. Neither did I at any time say they were irrelevant, but I did say "put them aside" in order that we could get on.

Q. Then you finished your luncheon party?—A. We parted in an extremely good mood. He said he would represent to his editor quite fairly what I had said. He made a joke as we left, saying, "You know jolly well if you were the editor you would publish, wouldn't you?" I made no comment, except to laugh. We took a taxi together and I went on to the Daily Mail.

Q. That is all that you recall on what passed between you at the luncheon appointment?—A. It is very difficult to put two hours conversation into five minutes, but that is the essence of it.

Q. You have had time to think; you have thought; and that is all you can recall of the sequence of it.—A. Yes.

Q. The next thing is that after lunch you then had an exchange with the Daily Mail?—A. Yes.

Q. What happened there?—A. The Daily Mail—Angus Macpherson came down to meet me in the hall. He took me upstairs, where I went into a room where there was Mr. Matthewman, a woman was sitting behind me on my left and another person whose name I have completely forgotten was sitting with his back to the window. I sat down and produced the two 'D' notices. A lot of the arguments were identical to the arguments that I had used with Pincher. I would only be repeating myself if I said them. There was one difference though. At one time Mr. Matthewman said, "Would these have any effect on current operations?"—meaning current intelligence activities, so I said, "Yes, of course they would." Immediately there was a tremendous feeling, one could almost cut the atmosphere with a knife all of a sudden, in the excitement of thinking this really applied to a current spy case. I saw the mistake; whether
it was a mistake on my part or over-enthusiasm on their part; and I retreated a bit from there, saying, "Yes, but do not forget one can never never say what is actual, what is not." The same thing arose with Pincher. I think I went more away from the subject than I did with him. Again, to give them an impression it was something to do with a current spy operation would have been totally wrong and would have brought the wrong results. They were very charming; they asked a lot of questions, but all very much the same.

Q. How did you leave it with the Daily Mail?—A. I thanked them, and I left it saying—"Look, one thing is due to you—and I hasten to say these are important words again—I do not think the Express will publish, but if they do publish I shall be honour bound to let you know"—for which they thanked me.

Q. And you left the Daily Mail?—A. I left the Daily Mail.

Q. Then we come to about 5.30, a telephone call from Mr. Pincher to you?—A. I think he did telephone me, yes, to say this, that the editor had asked him to write the story so that everybody could see what it was all about. He did mention at that time that lawyers had had a preliminary talk or a look at the material and they did not see that either the 'D' notices applied or that the Official Secrets Act applied. I went on asking him a few more questions—when would I hear what the editor's decision was, and so on, and he said, a little sharply, "My dear boy, get off the telephone; I must get on with my writing; you are only holding things up." So I promptly got off the telephone.

Q. Look at paragraph 21 of your aide memoire and see if there is anything more which you recall.—A. There is one thing I had completely forgotten. He did say to me, "Look, I cannot find the two 'D' notices, can you send copies round?" I said, "I cannot possibly, can you send round for them?" He said, "Yes, I will," and within a very few minutes a young man arrived from the Daily Express and took copies of the two 'D' notices and signed for them. I have not the receipt with me, but I have a receipt for them. That is all on that particular question.

Q. He broke off, saying . . .—A. Obviously his voice was agitated and he was under pressure. At 6.30 I began to get a bit anxious that I had not heard, and I said had a decision been taken, and he said, "No, no decision has been taken," and I said, "Would it help if I come to see Derek Marks?"; he said, "No, no, I have represented your case quite fairly." Either then or a few minutes later, but I think it was then—at any rate it was within five to ten minutes—the next thing happened, where he said he had seen the informant once again, and the informant had told him that he was unhappy about the way in which people were treating him and his story, and that he intended to give it to the foreign press. He said "He is going to give it to the Manchester Evening News and to the foreign agencies." I do not think he said any more, just that, "But anyhow he is going around." My action on that was immediately to ring the Press Association who handle most of the stories that go out to the British press. I asked them if they would be good enough to let me know if an informant came round with a story about the collection of telegrams and cables by the Ministry of Defence. They said they would. I said, "I would also be glad if you could hold up his story and keep him there and talk to me", because I was desperately anxious to try and get hold of this young man. That piece of information came my way either just before 6.30 or at about twenty minutes to seven, but I again telephoned Pincher to say, "Do you know my telephone changes after 6.30; I am now Temple Bar 1022." He said, "Yes, I did." I said again, naturally, "Anything to report?" and he said no.

Q. Then I think we can pass on to your paragraph 26 which seems to be the next telephone exchange between you and Mr. Pincher at about 9.40.—A. I made every arrangement if a decision came through to the office for someone to telephone through to Derek Marks and ask him once again if he would hold until I could speak to him, but may I mention that I did go to see my chairman.

Q. We do not for the present purpose want to know about your movements on the other side as it were.—A. When I got home at about ten minutes past nine I made enquiries; no telephone calls. I thought by now it was not worth
ringing Pincher because it was getting very late for the story to come out. I thought, “Thank heavens that is all over”, but at approximately 9.40 he telephoned me, he sounded very tired and very very depressed, and these were his words, “You have lost, the editors and the lawyers decided against you; I did my best.”

Q. Did you make any response to that?—A. I may have sworn; I do not think I made any plea.

Q. No significant response?—A. No significant response at all. I think I swore, “Oh my God”, something like that, but there was no point. I wanted to put the telephone down and get on as quickly as I could. My next action is towards the Daily Express.

Q. Yes, go on.—A. I then telephoned the Daily Express and asked to speak to Derek Marks, the editor. I was told he was not available, so I asked for the night editor. I regret that I did not make a note of his name at the time, but he was the night editor.

Q. Mr. Peter Johnson.—A. I did put it into another note for someone else; I thought it was Johnson. I said, “Have you got the authority to stop this story?” He said, “No, I have not, because it is already rolling off on the Glasgow editions,” I made one more plea. I said, “Are you sure it is not possible?”, and he said no. I put the telephone down quickly, and the rest of my conversation for the next two or three hours was with officials.

Q. He said he could not stop it, it was already rolling?—A. Already rolling, the Glasgow edition.

Q. Did you ask whether you could speak to the editor?—A. Indeed, I left messages to the editor. “Get in touch with me immediately”, and so on. I was told the editor could not be got in touch with at all since he was at that time between points.

Q. Then you had an outstanding obligation to the Daily Mail I understand?—A. I did not act on that straight away; I couldn’t; I had other obligations to officials, which I took. But I did ring the Daily Mail at I think about 10.30 or thereabouts. It was certainly as soon as I possibly could—no, it must have been long before 10.30. It must have been about 10 past 10, or something like that. Then another official telephoned me. I told the particular official I was going to telephone the Daily Mail anyhow, and he telephoned me and said the Express after all were not going to print, could I stop the Daily Mail. I got on to the Daily Mail again; it was within seconds, there was no difficulty as they had not started writing the story. I did not hear from the Daily Mail until 10.30; Arthur Brittenden, the new editor, rang me and said in a very distressed voice that the Daily Express first editions had given splash treatment to the story.

Q. This was the London edition?—A. Yes, the London edition. Each paper gets hold of other papers' editions very early. He asked me what he would do, and I said, “Well, you had better telephone your story back to me when you have written it,” which he did, and I asked for one or two very small corrections, which was done; and the rest of my time was taken up with telephoning officials again, and I did not speak to the Daily Express again until much much later.

Q. Let us get it quite clear; why were you releasing, if that is the right word, the Daily Mail story?—A. The damage had been done, and I do know from a past very very bitter experience—is this permissible, because everybody I think knows about this particular story? In 1963 when I had put out a special ‘D’ notice message through P.A. to stop a story about a defector called Anatoli Dolnynytin—this was 11th June, 1963—I found myself in very grave trouble with my committee because I had tried to stop a paper from publishing something which another paper had already published, and I had given up that exercise; in any case if there were any security damage done it had been done.

Q. From your experience if the Daily Express was publishing this story you could not hold the Daily Mail?—A. It would be very absurd because a lot of other papers would not trouble to ring me up. The Daily Mail had been cooperative. I do know from experience I get no support from my committee on this one at all, none whatsoever.
Q. Then you say at about 10.30 the Daily Mail came on to you; you said, "The Express are running the story in London"; and you said, "In that case let me know your story." What next?—A. The next time I spoke to the Daily Express was to speak to Mr. Derek Marks. He came up of his own volition. He had obviously got my message and had come up. Again, I really did begin to get a little angry by this time, because I said, "Why did you publish this story, it is in direct contravention of 'D' notices." He said, "There were no 'D' notices involved, you yourself said they were not applicable." I said, "My God, I had the 'D' notices by my side; how could you say that?" However, he was quite firm that the 'D' notices were not applicable. I said, "All the conversation rested on the 'D' notices. What other right have I got to talk to Pincher or anybody else unless I talk on the basis of 'D' notices?" It is either a question of the spirit or the letter; the letter did not apply in this case so the spirit mattered.

Q. Just make it plain if you can; the telephone conversation after midnight; did he say they were satisfied that the 'D' notices did not apply, or satisfied that you had agreed that they did not?—A. The exact words he used were, "You told Harry they did not apply." These are the exact words he used. This is what made me more angry. I said, "I set them aside; I am not going to argue about them, but why do you think I brought them along with me?" This is where we get two minds thinking along quite different courses. I could not myself carry on any conversation with anybody without the relevant 'D' notices. Obviously as far as the Express were concerned they had no relevance whatsoever. This was quite clear when I spoke to Derek Marks. Again, I spoke to him much later. He rang me up and he said he had been told quite definitely by the Foreign Office that 'D' notices had been contravened and that he had been asked to stop the story after two editions which had gone out. I said "Who told you?" He could not get the name, or he would not give it to him; anyhow I did not get the name. I said, "Whoever telephoned you from the Foreign Office, get on to them and tell them to telephone me", because this would bring about a ridiculous situation, stopping a story after two editions when other papers anyhow would have picked it up. "I know the Daily Mail have picked it up because they did so with my knowledge, but I am certain other papers will have picked it up." The thought of this thing growing out of all magnitude, because to stop a story—bang—like that would draw the attention of the world to it in any case. I did not think that was a very good thing to do.

Q. So you said to him, "Get the Foreign Office to ring me"?—A. No one telephoned me. I tried to get through and I could not. I think, my lord, that is all I had to do with the Express on that particular day and night.

Q. Now I think we can pass to what happened after the Prime Minister had made a reference to this in the House, because there was an exchange then between you and Mr. Pincher, and I think Mr. Marks later. What happened then?—A. About 4.35 or thereabouts, after the Prime Minister had made his remarks, Pincher asked me if I knew what they were, and I said, "No, read them to me." He read them to me, and I waited for five seconds while what he said sank in. Then he said, "We do not want to go on calling one another names; did you or did you not say that these 'D' notices—and this is the first time he used the word—were relevant? Did you or did you not say these 'D' notices had no relevance?" I said, "Harry, you know jolly well what I said; I said 'Let us put them aside so that we can get on with the argument'." There was some more exchange about what that meant.

Q. Try to remember everything that you can in the way of what passed.—A. May I start again by saying he used for the first time the words, that I had agreed they were not relevant. Then he said, "But look, when I telephoned you on the Thursday did you not agree then that there were no 'D' notices?" I said, "Yes, willingly, because the story you gave me then about G.P.O. cables being collected by the Ministry of Defence, there were no 'D' notices and you said you would come back to me." He agreed. I then reminded him I had brought 'D' notices with me, that we had argued about them and I had said in order to get on—"For heaven's sake remember the words I used, don't quibble; I said 'Let us put them aside'; that does not mean they are irrelevant." Again,
I was not going to enter into an argument over semantics, the words “put aside” and “relevance”. I do not think there was very much more conversation. May I add something there that has crossed my mind? He did agree quite firmly that I had argued, even eloquently, that it was not in the public interest to publish those stories, relevant or irrelevant ‘D’ notices; he made no bones about that, and I am sure he would not.

Q. If that is all that passed on Tuesday afternoon, the 21st, then I think on Wednesday the 22nd you went to see Mr. Marks?—A. Yes, I did.

Q. What happened then?—A. I went to see him and said, “Look, this is very painful; I want you to understand particularly clearly the words that I used with Harry, and nothing on God’s earth is going to shake me about that, and the words I used were ‘Let us put these aside so that we can get on with the basic argument.’” That was the tenor of what I wished to emphasise with Derek Marks. He was very kind, very charming, and he said yes. He did not argue with me, there were no recriminations, nothing like that; it was a very charming very pleasant meeting. Again, I think I touched upon the question of political embarrassment, and I think I touched upon other things that Pincher had gone through which were not precisely relevant, that is to say, the way in which Fleet Street has been extremely worried lately about telephone tapping and opening up letters. One other thing I did mention which I think I ought to have mentioned and which has just come to my mind, is that one thing that seemed to annoy Pincher more than anything else during our conversation at the Ecu de France was that I could not deny that press service messages were included in this collection for scrutiny. This made him extremely angry, and I repeated one or two of these things to Marks to show him that I anyhow had gone along as far as I could in terms of sympathy with what they thought was right, but I had to stick to my guns about the way I had argued against Pincher that this is not in the public interest to publish, and I had to make that very very clear indeed. As I say, there were no recriminations.

Chairman: Colonel Lohan, that is probably all that we shall want to hear from you about what passed between you and the Express and the Mail. It does not mean there will not be other times when we may want to hear about other parts of the proceedings.

Mr. Shinwell: When you saw Chapman Pincher on the Thursday—Thursday was mentioned in your deposition—and you advised him to go to the Ministry of Defence, did he go to the Ministry of Defence?—A. First of all, sir, I did not see him; I spoke to him on the telephone. Yes, he did telephone the Ministry of Defence.

Q. Did he come back to you afterwards?—A. Not on that day. I know Pincher very well; if he was going to write that evening he would have come back to me without a doubt, but he did not. Besides it was the day of the White Paper; I did not think he would. But I know Pincher, if he says he is coming back to me he comes back to me.

Q. When he first told you the story, and it would appear at the time he proposed to write the story, apart from publication, it was obviously a matter for the editor, when he told you the story you did agree with him that the story he told had no relevance to ‘D’ notices?—A. Was this again on the Thursday?

Q. On Thursday.—A. He did not tell me very much of a story; the conversation did not take more than a few seconds.

Q. What did he tell you?—A. I agreed there was no ‘D’ notice applied to that.

Q. You agreed it had no relevance?—A. No relevance whatsoever.

Q. But then the following day you became anxious about it?—A. Yes.

Q. Why?—A. I have not been allowed to say about the conversation I had with various officials.

Chairman: We will hear about it later, but I do not think it is part of the Daily Express . . .

Mr. Shinwell: You said in the course of conversation with him—I am not sure whether it was on Monday at lunch—that you made mention of political
embarrassment which you were anxious to avoid or you thought was irrelevant.—
A. No sir, the press are always very anxious one should never use ‘D’ notice
to avoid political embarrassment, it must be a case of genuine security. I started
off by saying to him I knew he could argue this way because the story would
cause political embarrassment, and I started off by admitting it would cause
political embarrassment, but compared with the main reasons for not publishing
the story this was insignificant. He accepted this argument without any trouble
at all.

Q. What was his response?—A. The response was, “All right, get on and
argue with me about the security aspects.”

Q. Did you ask him what his motives were in writing the story?—A. No sir, no.

Q. Did you suspect any motives?—No sir, he was very angry indeed with what
he described at the time as a damnable interference with the liberty of the
individual. He was very angry indeed.

Q. He used the language, “invasion of privacy”. Did he say that his privacy
had been invaded?—A. He did mention in the course of the conversation, “I
know jolly well that the telephone . . .”

Q. Answer the question: Did he say at any time his privacy had been invaded?
—A. Not in those words, but he did speak about an occasion when he thought
his telephone was being tapped.

Q. Did he talk about anybody who had informed him that their privacy had
been invaded?—A. No sir.

Q. There was no specific mention of anybody in particular complaining of
their privacy being invaded?—A. No, certainly not, not at all.

Q. You had lunch with him on Monday in a public restaurant?—A. Yes sir.

Q. And you produced the ‘D’ notices?—A. Yes sir.

Q. You discussed these ‘D’ notices in a public restaurant?—A. Yes sir.

Q. Is that customary?—A. No, it was a very very private part of the
restaurant, a little seat right down the end far from anybody; no one could
overlook, quite impossible, and I very much doubt if anybody could overhear.

Q. There is no doubt in your mind that this was a breach of the ‘D’ notice?—
Yes, in spirit it was. On the letter, I am on very thin ice if I say it is a breach
of the letter, but I think in the spirit it was a terrible breach of the ‘D’ notice.

Q. You are now confirmed in that opinion?—A. I have never varied from that
at all; never, never, never.

Q. You say that in the course of the lunch he became vehement; why?—
A. There were two occasions when he became angry. One was when I could not
deny that service messages from newspapers came within the general ambit of
this collection and scrutiny; that was one; the other was when he insisted that
this was something which was happening now, of intensity now, and I said no,
it is not, it has been going on. I think I told you a minute ago, I said it had
been going on since 1920, had come to a crescendo just before the war and had
been going on continuously ever since.

Q. Did you make any reference to how he got the story?—A. Yes, I asked
him to explain to me how he got it.

Q. Did he tell you who was his informant?—A. He would not tell me the
name of the informant at the time, but he told me everything he could about
him, everything.

Q. Indeed, I think you said in your evidence just now he said that the
informant, Mr. Lawson, had threatened to furnish the statement to the foreign
press?—A. This is so yes.

Q. Did Chapman Pincher say anything about that?—A. He told me. It was
he who told me.

Q. Was that one of the reasons why he decided to write the story, or did he
suggest that it was?—A. Not specifically, but one does know, sir, that when a
paper gets worried that somebody else is going to pick the story up, good, bad or indifferent, they get worried, very worried indeed, but he did not use this as an excuse.

Q. Did he give you any indication that he had been in touch with this man Lawson previously?—A. Yes, he admitted he had seen him three or four times.

Chairman: I think “previously” was the word.

Mr. Shinwell: Previous to the Thursday when you met?—A. He did not say he had seen him specifically on the Thursday, I think he merely said he had been given information. I do not know when he saw the chap.

Q. He did not say anything about payment for the information, did he?—A. He did; he said the chap did not want paying.

Q. Specifically?—A. He said it specifically; he is not even doing it for money.

Q. Did he say that in reply to any question you put to him, or of his own volition?—A. He volunteered that. I said, “Tell me about this young man.”

Q. In other words, he said, “I have a story from someone, he did not give a name but he said he did not want any money”?—A. He did not want any money.

Q. He did not tell you the name of his informant, he told you that this informant had given him the story and threatened that if he did not write the story, which would be published presumably in the paper for which he wrote, he would give it to the foreign press, but he did not want any money for it?—A. He did not say he wanted any money from the foreign press. Chapman Pincher told me this at about 6.30—“I have established that the lad is now going to the foreign press.” This was at 6.30 on the Monday. Chapman Pincher did not tell me that at the lunchtime.

Q. On the Monday how long did this lunch last?—A. About two hours.

Chairman: I think the information that the man was giving it to the Manchester Evening News and the foreign press came on the telephone conversation at about 6.30?—A. At 6.30 or thereabouts.

Mr. Shinwell: It was not the conversation at luncheon or on the previous Thursday. When he first came to you with the story he did not refer to his informant?—A. No sir.

Q. You only got to know it on the Monday?—A. That is right.

Q. At 6.30?—A. No, he told me at lunchtime that he had received the story from an informant, but I had known about the informant from the Daily Mail way back on Friday. They told me of this informant and they said Miss Haddon was acting on information given by the informant. I knew there was an informant about, not from Pincher originally but from the Daily Mail.

Q. How often do you lunch with Pincher?—A. Very frequently; about once a month.

Q. What do you talk about?—A. Invariably he wants to see me about some piece of business, about something he wants advice on as to whether it infringes the ‘D’ notices. It is invariably a working lunch. I have never had lunch for fun and games.

Q. You have had previous conversations with him when he wanted advice about ‘D’ notices?—A. Yes, frequently.

Q. Recently?—A. Recently; I had a conversation last time about ‘D’ notices.

Q. Never mind about last time, Colonel; I mean before Thursday; say a week or a month before. If you have a lunch perhaps once a month, at every one of these lunches do you discuss ‘D’ notices?—A. He always bring up something that he wants to write, and he says, “Is there a ‘D’ notice infringement?”.
He is always seeking advice on the right and proper way. He is one of the first people to ring up when any story of his touches a ‘D’ notice.

Q. On any previous occasion when you have had lunch or engaged in conversation with him did he ask whether he could publish or write a story which had some reference to ‘D’ notices?—A. Frequently.

Q. And you always advised him against it?—A. Not always. I have sometimes said, “There is no trouble, why don’t you publish?”

Q. But when you thought there might be a breach of a ‘D’ notice you advised him . . .—A. I have said so very loudly, yes.

Q. And he accepted your advice?—A. I have never known him to go against me, never.

Q. Have you any idea why he has done it on this occasion?—A. I should imagine, sir, that his editor thought the ‘D’ notice did not apply and that it was a matter of public interest.

Q. You think that he would not have written the story but the editor instructed him to do so?—A. With respect, Chapman Pincher is a very good correspondent, but he is not the editor of the Daily Express, and my sneaking feeling is—and I hope I am not suffering from any self-illusion here—my own sneaking feeling is if it had been left to Pincher he would not have published it.

Q. How do you get that feeling, that suspicion?—A. On the way he left me, on the quite sad way in which he told me; the expression he used, “You have lost”. I was fairly confident that he was not going to publish.

Q. Do you think he was sad about it?—A. I am sure he was.

Q. By the melancholy and lugubrious way he left?—A. Yes.

Q. He was regretful, is that your feeling?—A. That is my feeling, very much so, very strongly.

Chairman: You have had many dealings with Mr. Pincher as a correspondent in the past?—A. Yes, sir, for many years.

Q. Have you found him scrupulous about the observance of ‘D’ notices?—A. Yes, I have one fault only, that he tends to make a legalistic argument about things. In fact it was he—you asked me not to refer to this, but may I just say this. It was one point where I upheld him. It made me determined to go ahead with rewriting ‘D’ notices because I felt it was absurd to be in a position where you had to argue with someone like Pincher the legalistic meaning of something which was not a legalistic term anyhow.

Mr. Shinwell: You said that you had a conversation with the editor, Mr. Marks?—A. Yes sir.

Q. Are you aware that Mr. Marks in a conversation with an official on Tuesday morning agreed that this was a breach of the ‘D’ notice?—A. Are you referring to a conversation he had very early on Tuesday, with the Foreign Office?

Q. Yes.—A. I was not aware of that.

Q. You did not know about it?—A. No. He told me—I think I said a moment ago—in a conversation that was fairly early in the morning on Tuesday, that an official from the Foreign Office had told him that this was a direct contravention of a ‘D’ notice and that it ought to come out—this was after two editions, very early in the morning, 2.30.

Q. What did Mr. Marks say about that? Did he say anything to you about it?—A. His statement was rhetorical, it was open-ended—“What do I do about this?”.

Q. After the event?—A. Yes.

Chairman: Well, we shall hear from Mr. Greig about who Mr. Marks did speak to.

Mr. Selwyn Lloyd: I have only one question to ask, Colonel. In this memorandum you say in paragraph 12:
“Pincher and I met for lunch on Monday, 20th February. As soon as I sat down I produced from my pocket the ‘D’ notices of 27th April, 1956 and 30th October, 1961. I pointed out a section in each of them saying that they would be the basis of our talk.”

I understand the section in the ‘D’ notice of 27th April that you pointed out was the one about secret intelligence or counter intelligence methods and activities in or outside the United Kingdom, which you have already told us about. Which was the section in the one of 30th October?—A. The second one, the various methods used in interception of foreign communications for secret intelligence purposes.

Q. In this paragraph you say that you did that at once. Was there any talk about the sections then?—A. Only what I have said, that he argued that—coming back to the one of 1956—you could no longer say that this was a method, since it was so close to telephone tapping and opening of mail, and the fact that it was exercised under a warrant. On the second one he said, “Don’t be silly, this is not a foreign communication”.

Q. I thought you indicated that this took place at the very beginning of the talk?—A. Oh, it did, yes.

Q. At the beginning?—A. Very early on, yes.

Chairman: Now, Sir Peter, would you like to put any questions?

**Questioned by Sir Peter Rawlinson**

Q. Colonel Lohan, it was Thursday, 16th February, you told us, that you first heard from Mr. Chapman Pincher about cable vetting? That is right, is it not?—A. In the afternoon.

Q. He telephoned you?—A. Yes indeed.

Q. And he telephoned you to get one answer, did he not, to argue a specific question?—A. Yes.

Q. And the specific question was did a ‘D’ notice apply to a certain story, a current story?—A. No, that must be qualified—‘Is there any ‘D’ notice about G.P.O.—I must emphasise this—telegrams being collected by the Ministry of Defence’—that’s it.

Q. You say he asked you about that. Did he use the word cables or telegrams?—A. Telegrams.

Q. Did he say where they were collected from?—A. No.

Q. Are you sure about that?—A. Positive.

Q. Did you take any note of it at the time?—A. Not a pencil note, no.

Q. He wanted to know, you understood, if a story he had in mind, or information he had, was something which was barred by ‘D’ notices?—A. Yes.

Q. And you gave a categorical answer, did you not?—A. A categorical answer—no, there was not.

Q. That meant you knew he had some information or some story about cables being collected from—do you say from cables offices?—A. No, no. He used the expression “Telegrams from the G.P.O.”; no cable office was ever mentioned in this.

Chairman: By telegrams we do mean cables, do we not? Or are you thinking of inland telegrams?—A. I was thinking of inland telegrams.

Sir Peter Rawlinson: Yes, it is everything, is it not?—A. It is, as I realised later on, but as an afterthought, not at the time.

Q. Mr. Pincher is going to say he asked you in relation to this collection from cable offices. Are you sure that was not so?—A. G.P.O. I thought it was rather strange, just G.P.O. I think my suspicions would have been aroused immediately if he had said cable offices.

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Q. Were not your suspicions aroused anyway? Here was a story—Mr. Pincher had some information about the collection and vetting of some form of cables. He told you this on Thursday?—A. He asked me this very query. I said “No, get on to the Ministry of Defence and come back to me”. I knew he would come back to me if the story was any bigger than that. What he told me was nothing.

Q. I am going to suggest to you that what he said to you was that he had information from an informant that cables and telegrams were collected from the cable offices and taken down to the Admiralty and vetted. That is what he told you. Is that not right?—A. No. The Admiralty I would think would become rather suspicious and wonder what on earth he was talking about.

Q. He then went on to ask you if any ‘D’ notices applied to a story of that nature, did he not?—A. Of the collection of telegrams from the G.P.O. by the Ministry of Defence; the answer is “No, there has been no ‘D’ notice about that”.

Q. Did ‘D’ notices apply to the collection from cable offices?—A. It might well come under the methods of interception of foreign communications, and one could say that [it] could be a foreign communication if it was a foreign customer who was using the cable office.

Q. Mr. Pincher’s recollection is having asked you that specific enquiry and got that categorical answer that no ‘D’ notices applied, it was you who telephoned to him in the early afternoon of Friday 17th to ask him not to print the story. —A. No, I did not speak to him again until Sunday night.

Q. He said you came on the telephone to him on Friday 17th and asked him not to print the story.—A. I have a record of many attempts to get him at his office or at his home, but I have no recollection that I spoke to him on Friday.

Q. And he says when he asked you why, your reply was “Because this would cause a diplomatic furore, because every embassy would think its cables were being read”.—A. This would be one of the quick things I said to him, something like that, on Sunday.

Q. This is his suggestion, that this was said on Friday, to which Mr. Pincher said, “That is a very feeble reason. Embassies send their messages in code”. Do you remember his saying that?—A. On the Monday, yes. Not on the Friday, because I did not speak to him on the Friday, and not on the Sunday. I said “We cannot discuss this over the telephone. Let’s meet tomorrow”.

Q. This is Friday. I am going on with what Mr. Pincher says happened on the Friday. And he says that when he said that it was a feeble reason, that you said the embassy reaction would be very great, and if necessary the Foreign Secretary would have to intervene in the Foreign Office. Do you remember that?—A. Certainly not, most certainly not. I would not even know a Foreign Secretary would intervene on a thing like that at all. No, the answer is very firmly no.

Q. Would you not have said that at all?—A. I would not have used that as a sort of gun.

Q. The suggestion is you said that this was a security business and you asked him not to write the story until you saw him on Monday.—A. This is true.

Q. This is Friday night. And he agreed he would not write the story until he had seen you on 20th February.—A. The conversation took place, I maintain, on the Sunday night, and he said “I will see you tomorrow”.

Q. The suggestion is that for some reason you had changed your attitude to this story between Thursday and Friday.—A. I certainly changed my attitude to the story on Friday morning.

Q. I do not want to pry into information you received. But it is right that you received information on Friday which made you change your attitude?—A. Yes.

Q. So what you said on Thursday about ‘D’ notices not applying, now you thought they did?—A. Most certainly.
Q. There was a conversation on Sunday, of course?—A. Oh yes.

Q. When you telephoned Mr. Pincher at his home? Is that right?—A. Yes.

Q. Do you remember saying to him, "At the Defence Ministry someone is hawking the story around and someone has been to the Daily Mail"?—A. In the evening I might have said, "The same story is being hawked to the Daily Mail".

Q. Was it then on the Sunday that you asked Mr. Pincher the name of his informant?—A. Yes, I did, on the Sunday.

Q. And asked for the informant's telephone number?—A. No, I asked him to get the informant to telephone me.

Q. I suggest you asked for the telephone number and Mr. Pincher said "I do not know it, but the man is going to telephone me and I will tell the informant to telephone you".—A. That is absolutely correct, yes.

Q. Well, this was on Sunday evening?—A. Yes.

Q. What had happened between Friday and Sunday to make you more interested in this story?—A. As I said, on Friday morning I received information— I knew what the story was about then. It made me completely change my mind. Compared with what I knew on Friday morning, what Pincher had told me on the Thursday afternoon was nothing in comparison—it was a mere bagatelle.

Q. When did you first see somebody at the Daily Mail?—A. On Friday I spoke to them.

Q. What time?—A. Morning, I imagine.

Q. In the morning you spoke to the Daily Mail?—A. It was the morning, because it was then that I asked ... I do not think I got Mr. Matthewman straight away, I got him the second time round, and I was then able to confirm that it was a Miss Hutton who was doing it—Friday morning.

Q. On Friday morning you knew two newspapers were interested in a story about vetting of cables?—A. Yes. And by that time the Daily Mail had also told me that the informant was hawking it around to a magazine called Sennet.

Q. Now let us come to Monday. It was Chapman Pincher who telephoned you from his office and suggested you should meet, was it not?—A. No—how could he have done, when we decided to do that on Sunday night?

Q. I suggest this happened on Monday, because you were not going to have lunch, you were going to arrange a meeting, but you in fact were busy.—A. No, he suggested lunch on Sunday.

Q. I suggest that was not so. Anyway, you did meet. Now let us go through this interview. You had these 'D' notices in your inside pocket?—A. Yes.

Q. Did you have the appendix which was attached to the 1956 one?—A. Yes.

Q. You had that with you?—A. Yes.

Q. Did you refer at all to that?—A. No.

Q. Never at all to that?—A. No.

Q. You took them from your pocket, and I suggest this is what you said. You looked at the 1956 one and said "That could not possibly be applied", and you looked at the 1961 one and said "This has some marginal application". I will just finish what he says you said. And you went on to say, Colonel Lohan, you were not going to try this one on with Mr. Pincher?—A. No, this is not quite true. What I said about the 1961 one is right, it had marginal application. On this one I said after a very long argument about the parallel between telephone tapping and opening of mail, a very long argument.

Q. You did say these were referred to at the beginning?—A. They were indeed; we came back to them time and time and time again.

Q. Were they not put back in your pocket?—A. No, because I made a note on the back of one of them. They were by the side of my plate the whole conversation.
Q. Do you mean the whole of the lunch you had the ‘D’ notice beside your plate?—A. Yes indeed, because I wrote something on the back.

Q. I suggest you put it back in your pocket and said, “Leave that aside. Now we are going to talk about this”, because you were asking not to print?—A. Yes, most certainly.

Q. But not on the basis of ‘D’ notices, on general security grounds?—A. I had a perfect right to ask that on the basis that I had an anchor in these two ‘D’ notices.

Sir Peter Rawlinson: Certainly. I am not suggesting you did not do the right thing.

Chairman: Colonel Lohan, you have not given an answer for the record. It is said about the 1956 one the words were used by you in introducing it “That could not possibly be applied”.—A. The answer is I quite definitely did not say that. Early on, I agree, I said, “I will put them aside”, but I never used the words “That does not apply”, and would not have taken them with me then.

Sir Peter Rawlinson: What did you mean about putting them aside?—A. If we were going to spend the rest of the day arguing about ten words there and twelve words there we would never have got anywhere. I know Chapman Pincher well, and to get into a legalistic argument with something which is not of any legal binding whatsoever would be very much a wasted effort.

Q. Is it not right that this could only be prevented from being published if a ‘D’ notice applied and the editor of course honoured the ‘D’ notice? That is the only thing which could stop the story being published, is it not?—A. From the narrow point of view of the ‘D’ notice procedure, yes.

Q. You were aware—it appeared in the telephone tapping report, and so on—about what is expressed in the 1957 report, the general aversion, the general disfavour, of interception of communications?—A. Very much aware.

Q. And that the press and a lot of other people had the feeling that interception should only be minimal?—A. The press felt very intensively about this for a very long time.

Q. And you knew the story being suggested was not selective like telephone tapping, but a general looking at all cables—that was the story, rightly or wrongly, that was going to be printed.—A. I had to explain why it was done, not specifically in application.

Q. You knew unless a ‘D’ notice specifically and actively applied there was very much press interest in publishing the story?—Yes indeed.

Q. I would suggest you used a colloquial expression between good friends when you put these ‘something’... and put them back in your pocket?—A. I can imagine the words I might have used, but I did not put them back in my pocket.

Q. You can imagine you would use a colloquial expression?—A. I frequently do.

Q. Did Mr. Pincher say that this cable check was a daily routine business, with which you agreed?—A. Yes.

Q. It is right—I just want to get this absolutely firm—you never referred in your conversation with Mr. Chapman Pincher to any current operation or current case that was going on?—A. No, not specifically—with the Daily Mail I did.

Q. No, with Chapman Pincher?—A. No, because it would be highly dangerous.

Q. And it is right, talking about this general power...—A. It would not have been true.

Q. Did you say to Chapman Pincher that people were putting pressure on you, when you put aside your ‘D’ notices, people for security reasons were putting pressure on you?—Obviously I cannot recall using any expressions like that. He must have seen that I was under pressure, since I was extremely
worried about the conversation of the previous night in case he should publish
without seeing me.

Q. Were you under pressure?—A. One is always under pressure to get
something done in a case like this. I would not have made the plea for
him not to publish in the public interest if I had not been under some sort of
pressure, but it was not the kind of pressure of moral blackmail, or anything
like that.

Chairman: I think we should not have needless mystery about this. What Sir
Peter wants to know is had you been in touch with security authorities before
the meeting on the 20th; had they asked you to use your efforts to get non
publication. That is what you want to know, is it not, Sir Peter?

Sir Peter Rawlinson: Yes.—A. Yes.

Q. And the argument you deployed was not ‘D’ notices but just generally
against the public interest to publish?—A. In general terms, yes.

Q. And as you understand the procedure, that is a matter which if it is not
strictly under ‘D’ notice is for discretion of the editor?—A. All ‘D’ notices are
a matter for discretion of the editor.

Q. Leaving aside ‘D’ notices, there is a certain procedure where a ‘D’ notice
does not apply, but you think editors should know that it would be against the
public interest to print?—A. Indeed, yes.

Q. Private and confidential letters, is that it?—A. No, private and confidential
letters usually have a basis in a ‘D’ notice, with one exception, . . . but in the
same spirit as one can issue a private and confidential letter one reckons that
the conversation being in the public interest would come within the same spirit
of the thing which I had to exercise.

Q. What is the position? Looking at the framework of this lunch with ‘D’
notices, you say beside you, I say in your pocket, you talking about being under
pressure, you knowing that the editor ultimately would have to make his decision.
—A. Indeed.

Q. Could you have gone back to your office after that lunch and had a private
and confidential letter sent to the editor?—A. I should think that would have
been rather improper, having got the promise from Mr. Pincher and checked
later with his editor—and the editor agreed I had done the right thing. It is
true I could have written a private and confidential letter to the editor, but
where would that have got me? It would have been rather improper. Having
taken the man into my confidence, made my plea to Pincher, having got his
promise—he is a man of substance—having got his word that he would repre­
sent my case to the editor I think to have gone and written a letter to his editor
in those circumstances would have been quite improper.

Q. What you were asking Pincher to do was to go to the editor and say “Lohan
asks you not to print”, was it not?—A. In effect.

Q. And did you not anticipate Mr. Pincher would say “Lohan says ‘D’
notices do not apply”?—A. No, I do not accept the word “anticipate”, no. I
said so very loudly to Mr. Marks.

Q. We will come to that. The argument was clearly that Pincher was saying
“If everybody in this restaurant knew all cables were vetted everyone would
think it a great infringement of privacy in a free society”?—A. He used that
expression.

Q. And he said the same argument could have been used about letters?—A. Yes.

Q. I suggest that what happened was that on leaving Chapman Pincher told
you he would write his story and give it to the editor; do you agree with that?—
A. No.

Q. And that he would report to the editor your urgent request not to print?—
A. The first time he mentioned about writing anything was the time he told me
the editor asked him to write. The first time he ever mentioned about writing
was in a telephone conversation about 5.30 when he asked me to get off the
telephone so that he could get on with the job. He did not say "Go back and write", he said "Go back and put my case".

Q. You expected him at least to tell the editor the story and tell him your views?—A. I understand from Chapman Pincher the editor already knew the story. This is why he said he must go to the editor, because the editor knew about the story.

Q. I am putting to you now what he said. And when he left you he said to you quite categorically that if he, Pincher, was the editor he would print, since it was not a story which he, Pincher, thought legitimately could be suppressed?—A. No, he specifically said to me "If you were editor you would print, would you not?" and I laughed, I did not make a reply.

Q. He does not agree with that. He says his view was that you could not legitimately suppress this story, that in the public interest it ought to be printed?—A. Sorry.

Q. He did tell you he would inform you what the editor's view was?—A. Yes.
Q. And he left and went straight to the Mail?—Yes, I dropped him.

Q. Did you expect to have a telephone call?—A. From Pincher?
Q. Yes. Or from the editor?—A. No.

Q. Why not from the editor?—A. Because Pincher is assistant editor of the paper and in this particular case—and I checked with his editor not very long after—it was right and proper to leave it in his hands and for him to tell me what the editor had said. I represented several times to Chapman Pincher "Would you like me to see the editor"—answer No—this happened at 5.30 or about ten to six.

Q. At the moment you are just leaving after lunch. You had asked him to give a message to the editor. Did you not expect to hear from the editor?—A. Not to give a message to the editor, to put my plea to the editor, use my argument.

Q. You knew perfectly well the decision would be taken by the editor?—A. Indeed.

Q. Why did you not go and see him?—A. Well, I have said so often that in this particular case it would have been, I think, wrong, and Derek Marks agreed with me. If I had gone to him all he would have done was to send me down to Pincher; Pincher is rather a special case.

Q. The suggestion is that you knew in fact 'D' notices strictly did not apply. You were trying to persuade the editor not to print, using your friend, who you thought would be influential, Mr. Pincher?—A. Never—no, no, no—never.

Q. And this was because pressure was being brought to bear on you by other sources?—A. I was not using him in the capacity of a friend, but in his capacity as the writer of the story, and the sort of chap who. . . In fact I think if I had gone over his head that might have been an end of a lot of things. If I had gone over Chapman Pincher's head he would have resented it very much indeed.

Q. Very well. At 6.30 I suggest to you that Chapman Pincher telephoned you from his office to you at your office?—A. I beg your pardon. . . I have just noticed Mr. Pincher is here.

Q. At about 6.30 did Chapman Pincher telephone you at your office?—A. At about 6.30?
Q. Yes, that Monday evening, at about that time?—A. Yes, he did.
Q. Did he tell you that he had written the story and given the editor your urgent request?—A. Yes.
Q. Well, the fact that he had written the story, did that alarm you?—A. No, it seemed to me a very commonsense thing to do. After all, he was representing two things—the story on the one hand, and my plea that it should not be published on the other. What could be more natural than for the editor to say "Let's see the story"? There is a lot of difference in a story and the telling of it.
Q. We have heard he had written the story and the editor had been told. Did he also then say if the editor decides to print Monday evening he would inform you as soon as possible?—A. He said he would let me know, yes.

Q. Did he also say he would not know the final decision, whether it was going to be used that evening until about 8.15?—A. I cannot remember—I just cannot remember that—he may well have done—I cannot remember.

Q. I will just finish what he recollects—that you said it was not possible to get in touch with you at 8.15, but you could be reached at your home at Charing at 9.30?—A. No, I did not even know by that time—how on earth did I know what train I was going to catch?

Q. Did you catch the 7.49?—A. Yes.

Q. And get to Charing at 9.11 and get home at 9.30?—A. 9.10, 9.15, or thereabouts.

Q. It gets in at 9.10.—A. It was a little bit early.

Q. What time did you leave your office to catch the train?—A. I was not at the office—I just caught it by taking a taxi by three seconds.

Q. Mr. Pincher says when he rang you at 6.30 to tell you the story was written and he would not know the definite decision until 8.15 you said “That is no good, I am en route; so let me know at 9.30”.—A. I am sorry, I cannot accept that. I did not even know I was going to catch that train.

Q. Did you try and get the editor at 6.30?—A. No.

Q. Why?—A. Because no decision had been made.

Q. You knew the story had been written and it might be printed that night?—A. The writing of the story had nothing to do with printing it. The writing of the story, as explained by Chapman Pincher at 5.30, was done to clarify the issue.

Q. Had you known this story was going round since last Thursday? Did you think it was urgent?—A. Yes.

Q. And you never got in touch with the editor or sent a personal letter?—A. No.

Q. At 9.30 did Mr. Pincher telephone you from his home to your house at Charing?—A. It was a little later than that.

Q. I suggest it was 9.30. Did he tell you the decision had been to print?—A. Yes, he said the words I used—“You have lost”.

Q. Yes—“You cannot win all the time, you have lost”?—A. No, he did not say “You cannot win all the time”—“You have lost”.

Q. And you said you swore?—A. I think so, yes.

Q. And then did you telephone Mr. Johnson of the Daily Express?—A. Yes.

Q. At 9.38?—A. No, a bit later than that.

Chairman: Do you have the “words the editors and the lawyers decided against you”?

Sir Peter Rawlinson: No, my lord.—A. They were in fact used.

Sir Peter Rawlinson: I suggest it was 9.38 when you telephoned from your home to the Daily Express and spoke to Mr. Johnson.—A. I should have thought it was a bit later—still...

Q. I suggest it was then. Mr. Johnson made a memorandum of this just after the conversation, he says. Johnson told you he was night editor and in charge of the newspaper?—A. Yes.

Q. And you said you understood Mr. Pincher of the Daily Express was proposing to use the cable story. Johnson said “Yes, that is so”. And you said “That is very sad” and asked if the story could be stopped. And he said there was every reason to think Glasgow had gone to press, Manchester would in a few minutes, and London in about 20 minutes?—A. He did not use those words, but this was the sense of what he said.
Q. He made a note of it about 40 or 50 minutes afterwards. Did he say to you the editor was attending a dinner and at that moment he was possibly between points?—A. Yes.

Q. Did you say that you would like to have contacted the editor in the hope that the story could be held for twenty-four hours while you made enquiries?—A. Yes.

Q. Why did you want it held for twenty-four hours?—A. Twenty-four hours would have given me another go and time to go absolutely straight to the editor this time and to go harder at it, if necessary to bring up any heavier guns that I might find.

Q. Is it not right, Colonel, that you are the only person who can make the representations on the matter of ‘D’ notices?—A. I am afraid so, sir.

Q. There is no bigger gun than you, is there?—A. Not on ‘D’ notices. One could have gone to one’s chairman, one could have done something else probably, one might have got hold of an official who could have put a better case.

Q. So the editor would then be in the position of having to balance public interest, his public duty, and what was said today by your chairman, whoever it was, against the security interest?—A. We would have been back to what I had done the day before, but we would have had a bit longer time to do it.

Q. Without a ‘D’ notice? You never mentioned ‘D’ notices to Mr. Johnson, did you?—A. No, I did not have to.

Q. You did not say to Mr. Johnson “Yes, you are publishing a story to which ‘D’ notices apply”?—A. No, I think that would have been rather improper to Mr. Johnson. He told me he was in charge in Glasgow.

Q. He told you he was in charge of the paper. You did not mention anything about ‘D’ notices at that time. Very well. Do you agree that it was some time about midnight when the editor received a call from you?—A. Round about then. I had so many telephone calls by then I had almost lost track of time. I did not finish telephoning until about three o’clock that morning, and it never stopped.

Q. Did you say to the editor you were surprised to learn of the Daily Express running in the first edition the story of cable vetting, which you understood they had promised not to run, since it was under ‘D’ notice?—A. No, I did not say they had promised anything—I mean, not promise not to run it.

Q. I suggest that is what you did say, to which the editor, Mr. Marks, replied he had been assured by Chapman Pincher that you said this was not under ‘D’ notice?—A. Derek Marks did use that expression.

Q. He was clearly saying he had been assured by Mr., Chapman Pincher that you said it was not under ‘D’ notice.—A. Yes.

Q. And he also said that the only undertaking Sir Max had given was that if the story was under ‘D’ notice it would be stopped?—A. I expressed considerable anger when he suggested ‘D’ notices were not relevant. Did he not say I said “Why the blazes do you think I carried the ‘D’ notices with me?”

Q. No. I am just putting to you what he said. You must tell us.—A. It is a fact that I expressed considerable anger. When he suggested to me that the ‘D’ notices were not relevant I said very angrily “Why do you think I brought the ‘D’ notices into the conversation?”

Q. I suggest what he did say was that you, Colonel Lohan, had known Chapman Pincher himself for a number of years and you must be aware that neither he nor Pincher would put a story in if it was under ‘D’ notice.—A. This he did say. He said “We have never broken a ‘D’ notice in our lives”, and I agreed.

Q. He said he had never broken one in the past and was not breaking one now.?—A. He may have been saying it, but that was not my view. I was absolutely astounded, because no paper plays the ‘D’ notice game better than the Daily Express.
Q. You will agree that afterwards Mr. Lee Howard when he resigned he gave his view that it did not apply?—A. He said no.
Q. And The Times thought it did not apply?—A. Correct.
Q. And the Telegraph?—A. Correct.
Q. And the Observer and the New Statesman?—A. They all agreed.
Q. And that is what his point was?—A. Yes.
Q. Did he ask you what were the specific ‘D’ notices and did you say you had not got them?—A. I said I had not got them with me.
Q. Did you not know they were 1956 and 1961, if you are so certain?—A. I can almost remember reciting them by heart to him, but that was not at issue at the time. I said there were ‘D’ notices. I said “What do you think I brought them along with me for?”
Q. I suggest to you that he asked you which ones they were, and you said you had not got them?—A. I gave him the dates and said I had not got them with me now, because I make a point of never keeping papers . . .
Chairman: I am a little baffled: did neither of you know at that time which ‘D’ notice you were discussing?—A. I knew the dates of them, but I certainly could not read them to him.
Q. Did he know?—A. I sent him down copies of the ‘D’ notices, I presumed by then he knew what the contents were.
Q. But had he not got a file circulated to him by you?—A. They have had the ‘D’ notices, as a matter of fact; the Express have two copies of each ‘D’ notice, and they have four extra copies, because Mr. Pincher sent for some on Monday, and the editor sent for some again on Wednesday, and I sent them, again on Wednesday.
Chairman: We shall want to know sometime, I suppose, where Mr. Marks keeps these things.
Sir Peter Rawlinson: If you please. But he is saying you have said they do not apply, and if you say they do, he wanted to know which ones should apply; he wanted chapter and verse from you, did he not?—A. He did not seem to ask me for the chapter and verse. I gave him the dates, but I certainly could not read them out, because I had not got them with me.
Q. You had not got them with you, and you could not tell him the dates?—A. I told him that, yes.
Q. I suggest you did not. Now to go on with your part of the events, it was at 12.46 that the editor of the Express telephoned to you—you accept it was 12.46 when the editor telephoned to you, a call from the Daily Express to your home at Charing?—A. It could well have been.
Q. Did he tell you he had taken the decision to stop the story, and that he assumed that nobody else, no other paper, would be able to use the story?—A. This did not enter into the conversation.
Q. This is what Mr. Marks remembers.——A. The only thing Mr. Marks said was: “I have been rung up by somebody”—I do not think he mentioned the name, somebody from the Foreign Office—“and told that we do contravene the ‘D’ notices, and I have been asked to take them out”, and I said: “Oh my god, no, this won’t do at all. Who telephoned you?”, and again he did not seem to think he knew, and I said: “You get on to them and tell them to telephone me straight away”, because do you not agree with me that to take out a notice after two editions, when other papers were bound to have picked it up, would be to call attention to this out of all proportion to what it was worth?
Q. I must tell you what Mr. Marks remembers: you said that you, Colonel Lohan, could not stop anybody else publishing, and that you knew for a fact that both the Daily Mail and The Times were going to print?—A. I do not remember. I remember mentioning The Times, but I have had so many calls from papers all asking me, that I knew jolly well this had been picked up by most of the newspapers. Yes, Douglas Home, of The Times, had telephoned me in between.
Q. You knew that applied at least to the *Daily Mail* and *The Times*?—A. Yes, indeed.

Q. Did you say that on reflection you thought you ought to have gone on Friday to see the editor?—A. I said: “Did I make a mistake? Ought I to have gone to see you?” and he said: “No”, and I saw him in his office and he said exactly the same thing.

Q. I suggest what you said was: “On reflection, ought I to have come and seen you?”—A. No, I said: “Did I make a mistake?” and he said “No”, and I saw him in his office and again he said: “No, all I would have done would have been to hand you over to Chapman”.

Q. That was the last of that conversation that evening?—A. Yes.

Q. Next day, the Tuesday, is the Chapman Pincher conversation at 4.30 p.m., when he telephones to you?—A. Yes.

Q. Did you confirm to Chapman Pincher that you had told him that the ‘D’ notices were not involved?—A. I agree that they were not involved in the story he gave me on the Thursday, and then we went on to some further argument and I said: “Look, let us get it straight”, I said: “Let us put them aside in order that we can get down to talking about basic issues”, referring to the ‘D’ notices.

Q. Did you in fact say that the statement made in the House of Commons, that there had been a clear breach of two ‘D’ notices, was not based on any brief by you?—A. Correct.

Q. Then the following day, on the Wednesday, on the 22nd February, in the afternoon, I think Chapman Pincher telephoned you again in the afternoon, is that right?—A. Yes, he probably did.

Q. Did you tell him that you had been under the very greatest pressure?—A. I suppose I did, yes.

Q. Did you change anything you had said earlier?—A. Change it from what?

Q. Change anything you may have said, any account you had given?—A. No, because I went down to see Derek Marks on the Tuesday afternoon.

Q. No, this is Wednesday, this is before your visit to Mr. Marks.—A. Before my visit to Mr. Marks? No.

Chairman: There was the conversation after the Prime Minister’s statement in the House, on Tuesday, with Mr. Pincher?

Sir Peter Rawlinson: That is so.

Chairman: Is this all part of that?

Sir Peter Rawlinson: No, that ends with Colonel Lohan agreeing that he told Pincher that the statement that certain newspapers had made a clear breach of two ‘D’ notices was not based on any brief by him.

Chairman: I followed that, but what followed then?

Sir Peter Rawlinson: Another conversation on Wednesday afternoon.

Chairman: With Mr. Pincher, not Mr. Marks?

Sir Peter Rawlinson: First of all on the telephone, Mr. Pincher to Colonel Lohan, before your visit to Mr. Marks?—A. Yes.

Q. When, I suggested, you said you had been under the greatest pressure?—A. I agree, I had been under pressure, yes—but pressure to do what?

Q. You can have pressure of work, but you can have pressure of people trying to influence you, can you not?—A. Yes, but I am a difficult person to influence.

Q. But had you been under pressure of influence?—A. I had been asked to make a statement as to what my reactions were, both to the thing in general and to the article on the Wednesday morning in particular.

Q. Had you seen that it had been said that there were clear breaches of two ‘D’ notices? You had read that?—A. Yes.
Q. That was not your view, was it?—A. No, I think whoever briefed on that was utterly wrong. It was a wicked thing to do, because I must say that as far as I was concerned the breach, if any, was more in the spirit than in the letter, that is why I put them aside.

*Chairman:* I am sorry—this was a telephone conversation on the Wednesday, Mr. Pincher was consulting you about statements that 'D' notices had been breached; what did you say to him?—A. The conversation I had with Pincher about the 'D' notices was on Tuesday, surely.

*Sir Peter Rawlinson:* That is right.

*Chairman:* On Tuesday afternoon, after the Prime Minister's statement in the morning, I have got all that, but I think there was another one on Wednesday?—A. I have not had it established yet, my Lord, what it was about. I do not know what it was about.

*Chairman:* Then let us go into that.

*Mr. Selwyn Lloyd:* You did say, Colonel Lohan, whoever briefed on that was utterly wrong: you mean whoever briefed the Prime Minister?—A. Perhaps it is very improper of me to say so—but I did not, put it that way.

*Sir Peter Rawlinson:* But you did say that, whoever had briefed the Prime Minister . . .—A. Whoever briefed was very wrong to talk about the letter.

Q. Two clear breaches of 'D' notices?—A. Yes.

*Chairman:* Let us get this straight, which day is this?

*Sir Peter Rawlinson:* This is Tuesday, my Lord, we went back.

*Chairman:* This is Tuesday, but did you say that to Mr. Pincher? What is your own view?—A. When he said about the two 'D' notices, I am slightly confused, we are going between Tuesdays and Wednesdays so fast—we are now on the Tuesday conversation?

*Sir Peter Rawlinson:* Yes.—A. The main point of the Tuesday conversation was whether or not I had admitted that the 'D' notices were relevant, and I do not think anything arose then very much about the Prime Minister's briefing or anything like that.

*Mr. Selwyn Lloyd:* I thought what Colonel Lohan said was that he had been asked to make a statement as to his own reaction?—A. Yes.

Q. Then, whether he said it to anybody else, he was giving his own opinion that whoever briefed on that, it was utterly wrong, it was a wicked thing to do?—A. Yes.

*Chairman:* Yes, I thought I heard that. Was that your own view in answer to Sir Peter, or did it arise out of your conversations?—A. I think it was in answer to Sir Peter.

*Sir Peter Rawlinson:* Yes.—A. This is the point, it was not part of the telephone conversation, it was Sir Peter putting a point to me, with which I agreed.

*Chairman:* And your comment was that you thought that to say there had been clear breaches of two 'D' notices was, to put it mildly, not at all correct?—A. Not at all, to brief the Prime Minister to say that was not at all correct.

*Sir Peter Rawlinson:* Now Wednesday: a telephone conversation with Mr. Chapman Pincher, from Harrogate, I am instructed, a telephone call to you?—A. Yes.

Q. This is before you see Mr. Marks.—A. Yes.

Q. He recollects your saying then again that you had been under greatest pressure, and that you had never suggested and would not suggest that Chapman Pincher had been wrong in any way over 'D' notices?—A. That is absolutely correct. I said his attitude throughout all the time I have known him has been always utterly correct about 'D' notices.

*Chairman:* Including the article on the 21st Or not?—A. Saving that—I think I said it wrong again, that is one where I think there was a breach of the
spirit of the ‘D’ notices there, but up till that moment I quite agree that he had been exemplary in his attitude to ‘D’ notices and in his co-operation in every way. I think the spirit was badly dented on that day.

Sir Peter Rawlinson: I am going to suggest to you that you never put that saving clause in when you spoke to Mr. Pincher on the afternoon of the 22nd February?—A. I do not think I did, at the time.

Q. Now we come to the meeting between yourself and the editor, it was arranged with you telephoning the editor?—A. Yes.

Q. And asking if you could see him, and he said: “Come along to my office”, and you came to his office about 6.20 p.m. on Wednesday, 22nd February?—A. Yes.

Q. When you arrived at his office, did you say you had come to make two points, do you recollect saying that?—A. Yes.

Q. And the first was that you had categorically told Pincher on Thursday that the ‘D’ notices did not apply?—A. No, I must put it the way that I did say it to him, and it was this: “I have come to make it absolutely clear, I am not changing my mind for anybody about this at all”, that when I showed Harry—that is Harry Chapman Pincher—the two ‘D’ notices, and we went into some argument about it, I said: “All right, let us put them aside and get down to basic issues”. This I repeated to him, actually, word for word, otherwise we would never have got on at all. The reason why I say this is not a matter of pedantry or pedantics or semantics or anything like that, it is exactly what was in my mind, that they had to be set aside otherwise Pincher and I would have gone on arguing about words.

Q. I must put this to you quite shortly: Mr. Marks is going to say you made two points, first you said you told Pincher on Thursday that the ‘D’ notices did not apply?—A. This is true.

Q. And you stood by that?—A. This is true.

Q. The second point Mr. Marks says you made was that you had later told Pincher that in your view the matter could be claimed to be under ‘D’, but that it was a perfectly tenable view, as appeared in The Times that very day, that it did not?—A. I said it was a matter of opinion, yes indeed.

Q. And because of that you had argued with Pincher on the Monday lunch in the restaurant on the basis of putting the ‘D’ notices on one side?—A. This is so.

Q. Very well. Then did the editor ask you if Pincher could or had written a piece on Wednesday, the 22nd?—A. Oh yes.

Sir Peter Rawlinson: Perhaps you had better have it before you. I do not know if you have copies, my lord?

Chairman: Yes.

Sir Peter Rawlinson: Did he ask you if you had any objections to Pincher’s story, which appeared, you see, under the heading “A chârge refuted” on Wednesday, the 22nd? There was a copy on the file, and he asked you if you had any objections to that story? Did you say you did not accept, in paragraph 3 where Pincher wrote: “Neither D could reasonably be applied . . .”?—A. Yes, I said I could not accept this.

Q. That “Neither could reasonably be applied to the matter in question”?—A. Yes, I said I objected to that.

Q. Now, on paragraph 4, you said you would have preferred Pincher to have said he used all his powers of persuasion in the spirit of the ‘D’ notice?—A. Yes.

Q. I think you also said you prepared the original answer to the parliamentary question, but had not been consulted on the question of the two clear breaches of ‘D’ notices?—A. I had nothing to do with it at all. May I explain, my lord, that the Prime Minister was answering a question which had been on the Order Paper for three or four weeks, from a Conservative Member,
about how many 'D' notices had been issued within certain periods. I had prepared that answer, then the rest was tacked on to that.

Chairman: Yes.

Sir Peter Rawlinson: So much for the detailed story, Colonel Lohan. I just want to know—because I must I think get it from you—if the view held by senior executives in the Daily Express and others is correct with regard to the 'D' notice, as you have been talking about the spirit of it: is it right that if the secretary says a 'D' notice applies, then the editors, unless they are going to break it completely, accept that, and argue about it afterwards, or even argue in the course of an evening about it?—A. By and large, yes.

Q. But if it comes from you that a 'D' notice applies, that is accepted?—A. Two or three papers have deliberately broken it, quite deliberately, but that is the usual.

Q. But if a 'D' notice does not apply, it cannot be said to fall within a 'D' notice, then it sometimes happens that you can get hold of two members of the committee, the two press members, and as it were make an application of a 'D' notice in an emergency?—A. Yes.

Q. So the procedure is: if no 'D' notice actually fits this particular story you can get hold of the two press members of your committee and then you can slap on, as it were, the effect of a 'D' notice?—A. What is in effect a 'D' notice, yes. Usually, without the full committee, they must have a basis in some existing 'D' notice—a basis, however remote. Only once have we had an occasion—my lord, to illustrate that there is a difference from what I think Sir Peter is getting at, which is the P & C letters, I think you mentioned them in your original report—we have in fact on . . . where there was no basis in any existing 'D' notice whatsoever, made a special plea, and it has been very well honoured. But normally a P & C letter must have a basis, must have a root in a 'D' notice.

Q. Yes, so this is what editors can expect. I want to see if you would agree with what Mr. Pickering, who was a director of I.P.C. and the editorial director of the Daily Mirror, is going to say: he is going to say that when a story has been under discussion between the defence correspondent and the secretary for several days, where there has been no Private and Confidential letter to the editor and where there had been plenty of opportunity to deliver one, in Mr. Pickering's view then the matter is a matter for the editor's discretion, and there is no bar on it?—A. Yes. This presupposes something which has never happened, and that is that a Private and Confidential letter goes to an editor. A Private and Confidential letter has never gone to an editor, except when there has been a breach of a 'D' notice or something like that, but if we have a P & C letter we put it out to several agencies, it must go to the lot.

Q. Look at it in this case, then, Colonel Lohan: Daily Mail interested, Daily Express interested, you had some talk about the foreign press; why was not a Private and Confidential letter sent, if this was within the spirit of the 'D' notice but outside the letter of the 'D' notice?—A. Well, back again to this thing which happened on the 11th June, 1963, the Anatoli Dolnytsin case, where again I think the Express was involved; the Daily Telegraph had what they thought was an absolutely exclusive story. I made an appeal to the editor, and he said: "All right, I will certainly hold up publication". My committee insisted that I sent out a P & C message, through the Press Association tapes, putting a blanket on any stories about this gentleman, Anatoli Dolnytsin. The result was that the editor of the Daily Telegraph rang me up and said: "You have now given our story, which we had exclusively, to every single paper in Fleet Street. I am now going to publish". And it certainly passed through my mind that I should think of this procedure in this particular case, that here I would be once again doing the same thing, which my committee have never forgotten, and for which I have never really been forgiven, since it got them into tremendous trouble. As I say, I sent this thing out about the Anatoli Dolnytsin case under instructions, very firm instructions, and I would have landed myself in exactly the same position vis-a-vis my committee, with no support at all.
They would never tolerate this again, putting out a blanket stop on a story that had been held by other papers as exclusive.

Q. But this was not an exclusive story, was it? You had seen the Mail, and the Mail had consented, in the exercise of their editor’s discretion, to do as you wished, and the Express you were uncertain about, certainly to begin with. Why was it not possible then to put out a P & C?—A. There certainly would not be time to put out a Private and Confidential letter, I could only put it out through P.A.

Mr. Selwyn Lloyd: Is the question of a Private and Confidential letter a question for the editor of the Express alone, or to all?

Sir Peter Rawlinson: First of all to the editor alone, that would be just a personal one from you?—A. One from me.

Q. A Private and Confidential letter from two members of the committee would have gone to all editors?—A. To all editors.

Chairman: But do you not speak of Private and Confidential letters as part of the ‘D’ notice system? You must be thinking of something which has a general circulation?—A. It has a general circulation. I would certainly in no circumstances write to an editor, I would have gone to see him, and if it had been another paper I would have gone to see the editor long before. If I had done it as a general thing and put out a P & C message—you could not have done a letter, because there was not time—I would then have had the same thing wrapped round my neck as I had in the case of Anatoli Dolnytsin, that I had given an exclusive story to every newspaper which was worth while.

Q. I do not for the moment see the difficulty there. A story must originate with one or more newspapers, it cannot be common to every newspaper at once. If you think it is within the borderline of being covered by a ‘D’ notice, but not clearly so, is there anything wrong in getting your press representatives to agree that it should be covered by a special message to everybody?—A. No.

Q. The fact that you are killing it in the hands of one or more newspapers ...—A. ... is probably giving somebody else his opportunity to do the story, but I am absolutely certain that the members of the committee—and to show I am not just making it up, I could submit as evidence, if you wanted it, the minutes of two special meetings in which they declared that this would never happen again, they would never put out a general P & C message to stop a story which was already in the hands of a pair of papers—they would never do it again, would never authorise it.

Mr. Shinwell: To what extent did you rely, in the course of your proceedings, on your friendship with Pincher, and your belief—I would not put it higher than that—that he was not going to proceed with the story, and that he would accept what you had said to him through the editor and the story would not be published?—A. If I understand you correctly, sir—one hundred per cent., but not relying on him as a friend to do me a friendly gesture. As a matter of fact when he and I are discussing business we are not friends, we are secretary and correspondent, but I had utter faith that he would represent the case properly, and relied on him, from past performance, that he would certainly represent everything in the way I wished it to be represented.

Sir Peter Rawlinson: But he had told you, just as you left, that if he was the editor, because of public interest and the general nature of this interception, he would print?—A. I thought it was the other way round, that he said to me.

Q. Certainly, he said it to you. I suggest he said: “If I, Chapman Pincher, was editor, I can tell you, I feel so strongly about this, I would print”?—A. No, he left me with the feeling that on balance, if it was in his gift, he would not publish—if it was in his gift, which it was not.

Q. But you have told us he got very excited, very angry, very emphatic, in the restaurant, and he was angry and excited, was he not, because he thought, rightly or wrongly, this was a very grave interception?—A. Two bursts of anger, not angry all the time.
Q. No, of course not. But you are two friends having lunch together; when it comes to this point he gets very emphatic, does he not?—A. Yes, about the question of personal liberty and over the question of newspapers being snooped upon.

Q. You are not going to tell the committee, are you, that when he left you you thought he was going to talk to the editor and not keep the same feeling of resentment about interference with privacy?—A. Mr. Pincher himself will say, I am sure, without any equivocation whatsoever, that he said he would faithfully represent my point of view to the editor, and my point of view was that it was not in the public interest to publish that story, from which there could be no deviation.

Mr. Selwyn Lloyd: He ended up by saying that if he was the editor . . . ?—A. Yes.

Q. You are now anticipating what Mr. Pincher is going to say?—A. I am sure he will, he will not deviate from the point that he promised, and I trusted him, I had no reason to think that he would not do it, to represent my point of view that the story should not be published, in the public interest.

Chairman: Yes, but I think perhaps all that matters is that you did not think, at the end of that meeting, that you had won your case and the Daily Express were bound not to publish?—A. I did not think I had won outright, because it was not a question of winning, my lord. I felt fairly confident.

Q. You felt fairly confident?—A. Fairly confident, because I think when I went to the Daily Mail I said to them: “I have seen Pincher of the Express, and I am fairly confident that he will not”—of course, I am not allowed to say what I said to officials, but you will see later on that I again was quite confident that he would not, about a quarter to seven.

Sir Peter Rawlinson: At quarter to seven, you say, you were quite confident. Could you not have sent out a P.A. at that time, sent out a notice saying that any cable vetting story was under ‘D’ notice?—A. I would never have got permission from the committee to do so.

Q. Could you not have got hold of two people?—A. I could have got hold of two people, but they would never have given permission. This is not guesswork on my part, I can submit evidence to prove that this is the committee’s attitude. They will never touch that again, they have said so.

Q. Was an alternative that the department concerned, whoever it might be, could have issued an announcement saying “There is no truth in the cable vetting”? I suppose they could, if it was not true?—A. They could have done, if any department wanted to do it.

Q. What powers do you say you had as secretary, under the present procedure; that you had the power to say a ‘D’ notice applied, or alternatively all you could rely on was advocacy to persuade the paper not to print, is that right?—A. Yes.

Q. And you chose the second, advocacy?—A. More emphasis on that than the other, I quite agree, yes.

Q. I just want to get clear that the procedure in the 1962 Radcliffe Report, when in paragraph 130 at page 36 it described the matter of ‘D’ notices:

“In very urgent cases the secretary is authorised to issue a ‘D’ notice on his own responsibility, provided that he can secure the concurrence of two press members”

that is still in force?—A. Yes, except that it is now three members, not two, and another thing which has been altered there is that the members must be together, must be physically together. The rule has been altered.

Q. How quickly can you get together? Is that a difficult thing to do?—A. It depends. I should have thought, if I had wanted to do that that particular night, I could have got them.

Q. And certainly on the Friday, when you knew a little about the story and you had looked at the ‘D’ notices, certainly on the Friday you could have done
that, could you not?—A. I certainly could, but I thought I had got sufficient anchor in these two 'D' notices.

Q. Very well, and you will accept that many other people quite justifiably, quite reasonably, could take a different view about whether a 'D' notice applied or not?—A. I regret to say that I do see their point of view.

Sir Peter Rawlinson: Thank you.

Chairman: Then on this part of the evidence, Colonel Lohan, that is all, thank you.

(The witness withdrew)

MINUTES OF A MEETING OF THE COMMITTEE HELD IN THE CABINET OFFICE ON TUESDAY, 14TH MARCH, 1967, AT 2.15 P.M.

Present:
Lord Radcliffe (Chairman)
Mr. E. Shinwell
Mr. Selwyn Lloyd
Mr. D. J. Trevelyan (Secretary)

The following gave evidence:—
At 2.15 p.m. Mr. W. L. Greig Press Adviser to Foreign Secretary
2.30 p.m. Mr. N. Taylor Chief Press Officer, Ministry of Defence
2.50 p.m. Wing Commander W. A. Harris Ministry of Defence Press Office
3.10 p.m. Mr. E. V. Matthewman Managing Editor Daily Mail
Mr. C. A. Macpherson Defence Correspondent
Mr. A. Brittenden Editor
3.45 p.m. Mr. T. A. O'Brien Director of Public Relations, G.P.O.
3.10 p.m. Wing Commander W. A. Harris Ministry of Defence Press Office
3.30 p.m. Mr. A. Martin Editor
Mr. P. Johnson Night Editor
Mr. E. Pickering Director, I.P.C., and Editorial Director of Daily Mirror Newspaper

EVIDENCE OF MR. W. L. GREIG

Chairman: At the moment I just want to get from you what you have to tell us about exchanges, all I think telephone exchanges, which took place on Monday, 20th February, between you and the Daily Express representatives. You are attached at present to the Foreign Service, are you?—A. I am attached to the Foreign Secretary.

Q. Roughly speaking, what are you—Press adviser?—A. Press adviser; I am now called Special Assistant.

Q. On this day, and I believe only on this day, you learnt that there was some story that was running or likely to be published in the Daily Express the next
day which related to the Foreign Secretary or to Foreign Office affairs or security matters; just tell me in your own words what you heard.—A. I received a telephone call at about 11 or 11.30 from the Minister’s private office to say someone in the Daily Express desired to speak to the Secretary of State.

Q. This is the morning?—A. No sir, at 11 to 11.30 in the evening.

Q. That was your first contact?—A. My first contact. Normally matters concerning the Foreign Secretary and newspapers are passed on to me. I telephoned to the Express and asked Mr. Marks why they wished to speak to him. Mr. Marks said there had been some misunderstanding. They had understood at one time that there was something in the paper that was covered by a ‘D’ notice, but they had combed the paper, both the Scottish editions and the English editions, very carefully and had found nothing to which a ‘D’ notice could apply. Then he added, “There is one story about cable vetting, at one time we were suspicious of that, but we have now been assured on good authority that this is not covered by a ‘D’ notice.” I was a little doubtful about this . . . .

Q. He said, “There is one story we had doubts about at one time about cable vetting”?—A. Yes. I then telephoned back to the Minister’s private office and they said there had been some communications about ‘D’ notices, and they understood that the Foreign Secretary had spoken to Sir Max Aitken. I then telephoned the Foreign Secretary, and he instructed me to impress on Mr. Marks that the story was covered by a ‘D’ notice and also to insist that a promise given by Sir Max Aitken should be adhered to and the story not printed.

Q. What really matters to us is what you passed on to Marks and what he said to you; but you had these instructions from the Foreign Secretary?—A. Yes. Mr. Marks said . . . .

Q. You then rang up Mr. Marks?—A. I rang Mr. Marks again. He said this story was not covered by any ‘D’ notice, and that there had been no promise that he knew of by Sir Max Aitken.

Q. Can you give us the time of this?—A. This would be about I think quarter to twelve; round about that time, I imagine.

Q. Not covered by ‘D’ notice; no promise.—A. No promise. I repeated this back to the Foreign Secretary who asked me to go back to Mr. Marks and, while again drawing attention to the ‘D’ notice, to emphasise that he felt in view of good relations in future Sir Max Aitken’s promise must be kept, which I did.

Q. So you rang up Mr. Marks again?—A. Again, the second time.

Q. This is about midnight?—A. This would be about midnight, or a little later.

Q. And you said to Mr. Marks . . .—A. I repeated the Secretary of State again asked me to emphasise there were ‘D’ notices covering this, and that Sir Max Aitken’s promise must be kept—that is the promise to keep the story out of the paper.

Q. Did you say something about future relations?—A. The Secretary of State did mention in view of good relations would I emphasise this. A point arose. The Secretary of State said Sir Max Aitken had told him, “Mr. Marks is by my side; I will see this is carried out.” Mr. Marks told me this was not true and that Sir Max had been in a box and he did not know of the call; he did not know what happened.

Q. Mr. Marks said to you on this occasion on the telephone that he had not heard the conversation taking place between Sir Max Aitken and Mr. Brown?—A. Yes, Sir Max had been in a box.

Q. And that was all, was it?—A. No, some time later, I think it must have been probably about quarter to one, Mr. Marks telephoned and said that they now accepted there was a ‘D’ notice. He could have said “accepted there was a ‘D’ notice,” or “accepted our view”, I am not quite sure which, and he would take the story out of the paper. I pointed out that the damage had been done.

Q. He was accepting your view?—A. Accepting our view.

Q. That a ‘D’ notice did I suppose cover the story?—A. Yes.
Q. And was taking it out of the paper?—A. Out of the paper. He was either accepting the fact that there was a ‘D’ notice covering it or accepting our view, I am not sure which. I pointed out it was rather late and probably 2 million copies would have been printed. We had a short conversation. About five to ten minutes later Mr. Marks telephoned again and said, “The same story is in the Mail, it is in The Times; they took it from us; we are going to go on printing it; we cannot be the only paper not to have it.” He then added I think, “If the Foreign Secretary wants anything in the Express again he had better ring me up himself.” And that was the end of the conversation.

Q. That was the last exchange?—A. That was the last exchange.

QUESTIONED BY SIR PETER RAWLINSON

Q. May I ask you a general matter first? Before you were attached to the Foreign Office were, were you not, in the lobby?—A. Yes.

Q. The doyen almost of the lobby correspondents?—A. Not quite, but nearly.

Q. In 1957 you remember there was a Privy Councillor Committee headed by Lord Birkett about telephone tapping; were you in the lobby at that time?—A. I would be, yes.

Sir Peter Rawlinson: Can I show you a copy of that because I want to ask you one or two matters. My lord, this is the Security Procedures in the Public Service, 1957, and I am going to refer to one or two paragraphs.

Chairman: We might as well call it the Birkett Report.

Sir Peter Rawlinson: Yes, it is dated October, 1957. Would you turn to page 29, paragraph 133, Mr. Greig?—A. Yes, I have it.

Q. I am going to refer you to certain passages. Paragraph 133 reads:

“There is no doubt that the interception of communications, whether by the opening or reading of letters or telegrams, or by listening to and recording telephone conversations, is regarded with general disfavour.”

Do you see that was recorded there?—A. Yes.

Q. A little further down, about twelve lines from the bottom, there is the sentence:

“We think it important to emphasise this aversion to the interception of communications, for just as the wise administration of the criminal law must depend finally upon the support and approval of public opinion so the principles by which the law is enforced must win the same approval if they are to be exercised effectively and without public unrest.”

Do you see that?—A. Yes, I see that.

Q. And then over the page, page 30:

“. . . we have reminded ourselves at all times that the liberty of the subject was involved, and that there was considerable opposition to any use of methods of intercepting communications for any purpose, public or private.”

Do you see that?—A. Yes.

Q. Then on page 31, the last sentence of the first paragraph, about eight lines down:

“It is therefore most important to observe that from the evidence tendered to us, it is plain that the exercise of the power to intercept communications by the Secretary of State has never been regarded as a general power, but as a power, carefully restricted to special and well-defined circumstances and purposes, and hedged about with clearly formulated rules and subject to very special safeguards.”

Then over the page, page 32, paragraph 141, the second main sentence, about half-way down:

“It is important to note that it is no general power that is exercised, but one limited expressly to the cases where there is reasonable cause to believe that subversive activities are already being carried on.”
Then if you would turn back to page 26, paragraph 119 at the bottom—have you got that?—A. I have that, yes.

Q. That reads:

“In our view public concern may be in some degree allayed by knowledge of the actual extent of the interception of letters and telephone messages which has been exercised on a much smaller scale than many people seem to have thought.”

I just brought this to your attention because I would like your comments from your experience really as a newspaper man.—A. I am not sure that I can give any comment on this at all. I am here to give evidence.

Q. I am going to ask you some questions, Mr. Greig, if I may. You would agree, would you not, that the general view and quite reasonable view of a newspaper man is that there is general public interest and perhaps disfavour in the interception of letters, telegrams and telephone calls, as a general matter?—A. I must ask, my Lord, if I should be questioned on this. I am here from the Foreign Office and not here as a newspaper man.

Chairman: Sir Peter, you can say anything you want to say to us on the general issues, but really you have come here in order to deal with this disputed question of fact as to what passed.

Sir Peter Rawlinson: Mr. Marks was talking to an old friend who had been a lobby correspondent in the House of Commons for very many years, who must have appreciated clearly that here was a matter which would be of general public interest and public concern which it would be the duty of an editor to take into account, as opposed to what was being said to him at this time that this was contrary to ‘D’ notices, when he had previously been told ‘D’ notices did not apply. Therefore, my Lord, the relevance of these questions is that Mr. Greig himself must have appreciated, I would suggest to him, in the course of their conversations, he must have known, that unless a ‘D’ notice really did fix on this story the editor obviously would want to publish this in the public interest.

Chairman: I am quite ready personally to assume he may well have thought that, but really we want to get to the question of what passed which is said to be in dispute between the people who argue this on what I call the two sides.

Sir Peter Rawlinson: Very well, then I will ask you, Mr. Greig, what is your position? What are you in fact? You are attached, are you, to the Foreign Secretary?—A. I am attached to the Foreign Secretary.

Q. Are you an official of the Foreign Office?—A. This is rather difficult to answer. I am in fact not paid; I am one of the few “dollar a year” men.

Q. Your position is that of a special assistant, unpaid?—A. Special assistant, unpaid, as a very old friend.

Q. A very old friend of the Foreign Secretary?—A. That is right.

Q. But having no particular position with regard to security or with regard to Foreign Office detailed matters, would that be right?—A. That is quite correct.

Q. More in public relations?—A. In any way the Foreign Secretary cares to use me.

Q. It is right, is it not, Mr. Greig, that when Mr. Marks was speaking to you he would be speaking to someone who was an old newspaper friend, is that not right?—A. That is quite true.

Q. And someone who was not on the security side of the Foreign Office?—A. That is right.

Q. And it was you then—I think the suggestion was it was certainly after 10.45—not any other official from the Foreign Office who telephoned to Mr. Marks, having heard that he had been in touch with the Foreign Office?—A. That is right.

Q. Is it not right that what the editor said to you was that he explained what the position was with regard to the story about cables and he said that this
story was not covered by ‘D’ notices because it had been cleared; is that what he said?—A. I am not sure whether he said it had been cleared. He said they now felt certain it was not covered by a ‘D’ notice. I do not remember him saying it was cleared.

Q. Anyway, he was making clear his position was that the story was not under ban by ‘D’ notice?—A. That was his view, yes.

Q. And did you say obviously then that the Foreign Secretary was under a misapprehension? You had not spoken to the Foreign Secretary?—A. Not at the time.

Q. But you said the Foreign Secretary must be under a misapprehension and therefore Mr. Marks should not worry—did you say something like that?—A. I was not aware what the story was until the last moment. I could hardly have said that without consulting the Foreign Secretary. The fact I went straight to the Foreign Secretary reporting that there was something curious about this shows I would not be likely to make that remark.

Q. You got a message, as I understand it, that the Express had been on to the Foreign Office to find the Foreign Secretary?—A. Yes.

Q. You ring back the Express?—A. Yes.

Q. And the editor just tells you that queries had arisen about a cable story?—A. No, I did not say that. He said that a story had appeared they wished to cover by ‘D’ notice, and cable vetting was an afterthought.

Q. He did say cable vetting?—A. At the end of the conversation.

Q. You knew when he rang up they were talking about the cable vetting story?—A. That is right.

Q. You knew Mr. Marks was saying, whether it was right or wrong, definitely saying this was cleared for ‘D’ notices?—A. That is right, yes.

Q. Then you said after that conversation you telephoned back to the private office?—A. Yes.

Q. Having telephoned back to the private office you then spoke again to Mr. Marks, do you recollect?—A. I think the order is wrong. I spoke to private office, to Mr. Marks and then to the Foreign Secretary.

Q. I beg your pardon, yes. Having spoken to the Foreign Secretary, you then telephoned to the editor and spoke to Mr. Marks?—A. Yes.

Q. Did you say to Mr. Marks that the Foreign Secretary was in a great rage, threatening all sorts of things, or words to that effect?—A. I said he was very angry.

Q. Did you say that the Foreign Secretary had said he would ring Mr. Cecil King, the Chairman of the N.P.A., and complain that Sir Max had broken his word?—A. That is correct, yes.

Q. And did the editor say to you, “There is no question of that since all that Sir Max said was that the story would be stopped if it was under a ‘D’ notice”? Is that what the editor said?—A. No, he said he did not know what took place between Sir Max and the Foreign Secretary.

Chairman: Just get it quite clear; the simple question is, did he say that to you?—A. No.

Sir Peter Rawlinson: Then I must go on putting to you, Mr. Greig, as you must appreciate, what Mr. Marks says here. After he said to you, “There is no question of that since all Sir Max said was that the story would be stopped if it was under a ‘D’ notice”, you said you were sure it was under a ‘D’ notice.—A. No, I gave him the dates of two ‘D’ notices. I had been supplied with the dates by the private office. I had not even seen them myself so I could not try to interpret them anyway.

Q. I suggest the first thing that happened was that he asked you if you were sure it was under ‘D’ notice and he asked you which ‘D’ notices applied?—A. And I gave him the dates of two ‘D’ notices.

Q. And you said it was specifically under those two ‘D’ notices?—A. No.
Q. Mr. Marks recollects that in some conversation or another you certainly quoted April, 1956 and October, 1961 'D' notices.—A. Yes.

Q. We come to the later telephone conversation where he told you about his decision to stop the story. Is it right that what the editor said to you was that, despite his opinion that no 'D' notice applied, and despite the fact that he believed that Chapman Pincher had told him the truth, but in the light of what you had said, and in the light of Sir Max's undertaking to remove any story if it was under 'D' notice, he, the editor, decided to take the story out, is that right?—A. I hardly recall the exact words, but the conversation started off by Marks saying that never in his experience before had the Express failed to observe a 'D' notice, and this was certainly not going to happen now. We had some little conversation, I cannot quite remember how it went. Forgive me for saying this was early morning, I had been asleep, and I was sitting up in bed.

Q. There is a little difference in recollection. Was he saying to the effect, "I still believe 'D' notices do not apply, but you say they do, and in the light then of that, and the fact that Sir Max has given this undertaking to the Foreign Secretary, I am going to stop the story."?—A. I am sorry, I cannot remember Sir Max being mentioned in the third conversation.

Q. Might he have been?—A. He might have been, I just cannot remember. I was not taking any notes at the time.

Q. Then between 12.46 and 1 o'clock in the morning, I am now coming to another telephone conversation; the editor telephoning you. Did he tell you that Colonel Lohan had just told him that Lohan could not stop anybody else publishing and that Lohan knew that the Mail and The Times were going to print something like that?—A. Lohan was mentioned, I forget exactly in what context. Lohan was certainly mentioned.

Q. And were the Mail and The Times mentioned?—A. The Mail and The Times were mentioned, yes.

Q. Did the editor, Mr. Marks, say that therefore this created an entirely new situation and obviously the editor, Mr. Marks, could not take the story out of the Express?—A. I accept that.

Chairman: I am sorry, I have not got quite clear what that was. Is it being put that Mr. Marks in this telephone conversation said the Mail and The Times were printing a story and therefore he could not hold back?

Sir Peter Rawlinson: This story.

Chairman: Printing this story, the cable vetting story, and therefore he could not hold back, or that Colonel Lohan had just admitted to him that he could not prevent the Mail and The Times from printing?

Sir Peter Rawlinson: The second, my lord. What is being put to Mr. Greig is that Mr. Marks said Colonel Lohan had just told him, Mr. Marks, that Lohan could not stop anybody else publishing, and that Lohan knew that the Mail and The Times were going to print.

Chairman: I see, yes.

Mr. Shinwell: Could we get the actual time of that?

Sir Peter Rawlinson: We know it must have been after 12.46, because that was when we had a timed call to Kent. It must be between 12.46 and 1 o'clock.

Mr. Shinwell: That is 12.46 a.m.?

Sir Peter Rawlinson: Yes.

Mr. Shinwell: Had the story not been published in one of the editions before that?

Sir Peter Rawlinson: Yes, it had been published. Then came preparations to stop, and various steps were taken to stop. Then comes the telephone conversation between the editor and Colonel Lohan when the Mail and The Times, he is told, were going to print. Then comes this telephone conversation with Mr. Greig, and then very shortly after the Mail and The Times arrived on the editor's desk with of course the story in. I just want to finish this conversation, Mr. Greig.
Before he ended did the editor say to you that whatever else was said about this matter there was no question of Sir Max having broken his word? Do you remember him saying that?—A. Yes, I believe he did say that.

Q. And did you say that you would make that clear to the Foreign Secretary in the morning?—A. Yes.

Sir Peter Rawlinson: That is all.—A. Could I make one point? When I said that I was not a civil servant, I am to the extent that I have accepted all the inhibitions of the civil servant and all the restrictions which apply to civil servants, and that has been made clear. The reasons why I do not accept a salary are my own personal affair.

Chairman: There is just one thing I want to ask you arising out of that last question to you. You said in the morning you would make it clear to the Foreign Secretary that Sir Max had not broken his word?—A. I think I said I would convey this to the Foreign Secretary.

Q. What were you going to convey?—A. What Marks had said to me, obviously reporting back again, which I did in a minute first thing in the morning.

Q. Because your line had been, as I understand it, earlier on that Sir Max was bound by a promise not to publish?—A. I was not in any way going back on that, I simply said I would inform the Foreign Secretary what Marks had said to me, no more than that. I was in the position of being a communications post in this, nothing more.

Mr. Shinwell: When did you first telephone Mr. Marks on the Monday?—A. I should think about 11.30 on the Monday evening.

Q. What did he say to you then?—A. First of all he said there was some misunderstanding; that they had believed at one time earlier that some story in the paper was covered by a 'D' notice. They had gone through with a comb, they had combed through the Scottish editions and the London editions and had found nothing. Then, almost as an afterthought, they said there was a cable vetting story but they had cleared that all right—some remark like that. It was this which led me to telephone the private office and ask if any such matter had been raised during the day.

Q. Were you aware at that time, at 11.30, that the story had been published in the Glasgow edition?—A. I was aware, because Mr. Marks told me it was running in London and in Glasgow at that time.

Q. But you proceeded to discuss with him whether the story should be published?—A. No, the story was published.

Q. What was the purpose of talking to him then?—A. Because when I telephoned I knew nothing of this. The message was passed on to me from the private office in the belief that this was some political matter. I knew nothing about the story until I telephoned Mr. Marks.

Q. Now you know, was it not rather strange that you were engaged in discussion whether it should be published and yet the story had been published?—A. There was no discussion whether it should be published: it was published. I had no discussion on that. Having got the story from Mr. Marks I went to the Foreign Secretary and asked for instructions.

Q. Were you aware at 11.30 when you spoke to Mr. Marks that other newspapers had decided not to publish the story?—A. I knew nothing about it then. I was under the impression they were running some story about the Foreign Secretary, his personal affairs.

Q. Several questions were put to you by counsel on this document. Could I direct your attention to page 22 paragraph 141, the last sentence:

“We are further satisfied from the evidence before us that the methods of interception hitherto employed are necessary and even productive of important results which could not have been obtained in any other way.”

You take note of that?—A. I will take note of it. I can make no comment on it, no comment at all.

Chairman: Thank you, Mr. Greig; that is all.

(The witness withdrew)
EVIDENCE OF MR. GEORGE BROWN

Chairman: Mr. Brown, I really want to get from you simply the evidence you can give about what passed between you and Sir Max Aitken on the telephone on the evening of Monday, 20th February. I understand—I do not think there is any dispute about this—that you were dining with a friend and information was conveyed to you from the Foreign Office that there was some story running in the Daily Express for printing the next day which affected the interception of telegrams, is that right?—A. That is right. I had heard about this twice already. I heard about it in the early part of the evening. I had in fact wondered then whether I should intervene or not and took departmental advice not to. I was told, as I have said to you in writing, somewhere around 10 o’clock on the telephone that communication had broken down and that the Express were intending to print the story. For reasons I need not go into in present company it seemed to me to be a rather dangerous thing to do, and I then rang Sir Max Aitken whom I know and with whom I had been anyhow at a very friendly lunch shortly before. It was a very short conversation.

Q. Where did you get him? At the Express office?—A. At the Express office. It was a very short conversation. I began by saying, “I want to talk to you about a story if I may which I am told you are proposing to run tonight.” He said, “Please”, or something to that effect. He also said, and this I am absolutely clear about, “I have Derek Marks by my side.” I am absolutely clear about the words he used. I explained to him as nearly as one could on an open telephone that this was a dangerous story it seemed to me for public security, and I said to him—and I have no doubt about this at all—“And it is covered anyway by a ‘D’ notice, and the reason for this is because the area into which the story will take you is specially dangerous for the security of our country.” The conversation was not much longer than that, and Sir Max Aitken said, and I have absolutely no doubt at all about what he said, “Very well, I will kill the story.” I would like those words to be in quotes, because I have absolutely no doubt at all, neither then nor now, about what he said—“Very well”, said he, “I will kill the story”. At that point the conversation ended.

Q. You are quite clear that those words, “Very well, I will kill the story”, stood by themselves without additions or qualifications?—A. Without additions or qualifications. The conversation ended. I said, “Thank you very much”, or “I am sure this is right.” I think, although here I am not as clear, but I believe I said to him, “If you want to talk to me I will tell you more about this than I can do over the telephone.” I am pretty sure I also said that, but that is where the conversation ended.

Q. In other words, you offered him some background if he wanted to come to you for it?—A. Yes.

Q. And after that, Mr. Brown, you had no further part in exchanges between the government and the press?—A. No, I was subsequently rung up by a senior official of my department who said it was still running. I was then rung up by the witness in whose evidence you have interposed mine (Mr. Greig), who said he had been rung up by the editor who wanted to talk to me, but from then on it was dealt with by him and I never came into it at all.

Q. I think that is all you can contribute on the question of exchanges between the government and the Express.—A. Yes.

QUESTIONED BY SIR PETER RAWLINSON

Q. What time was it, Foreign Secretary, that you heard about the story earlier in the evening, approximately?—A. I first of all heard about it on the Friday evening when I received a minute from my department which set out what was going on. This minute I believe is in the possession of the court. I did nothing more at that moment than note it. I heard at 7 o’clock on the Monday evening I think—at any rate the evening of the day in question—I heard that it seemed as though the Express might be going to publish.

Q. I must ask you this generally. It is going to be said that it was said to Mr. Pincher that one of the objections to the story was that the embassies might
make a furore because their telegrams would be intercepted. Was anything either on Friday or Monday talked about on that line?—A. Nothing at all. The only thing that was talked about in the minute which the court has, or in the conversation I had with my department on the Monday evening, was the danger it might do to quite important areas for which I have departmental responsibility.

Q. Did you know anything of the detail of the story when you spoke to Sir Max, details as to the cables, the telegrams and from where they were collected?—A. Very shortly after I became the Minister I was told all about this procedure, as my predecessor had been told. I had personally authorised it to continue, so I knew the details anyway, but I was also told that evening, indeed I was told in the minute, that photographs had been taken of vans which could be identified as to whom they belonged. This is really what bothered me about the whole thing.

Q. You really knew when you spoke to Sir Max—I appreciate you were on an open telephone—you really knew quite a considerable amount about the background of the story?—A. Yes, and I assumed him to assume that I would not be talking to him unless I did.

Q. Did you know when you spoke to him that he was in the Garrick Club at a dinner for Trevor Evans—I know the line could be switched through from the Express?—A. That must have happened. All I did was to telephone the Express.

Chairman: You rang the Express?—A. I rang the Express. Where he was when I spoke to him was never conveyed to me. Maybe the Express should have said to me, “I am putting you through to the Garrick”, but they did not say that.

Sir Peter Rawlinson: With respect, I am certainly not making any criticism; I just wanted to make sure you did not know he was at the Garrick Club.—A. Sir Peter, what he said to me was, “I am here and I have Mr. Marks by my side.” I had called the Express; it was up to him to say to me, “I am somewhere else”, but he did not.

Q. Might he have said, “I am here, Derek Marks is with me”?—A. No, no. I know exactly the words he said; he said “I have Derek Marks by my side”.

Q. You know that he was speaking from a telephone box?—A. No, nor did he tell me.

Q. You know the size of Mr. Marks?—A. Nor did he tell me, and “Derek Marks by my side” conveyed to me that I had got him in the office he uses at the Express and that Derek Marks was there. What else could it convey?

Q. Very well.—A. It is no good saying “Very well”—what else could it convey?

Q. Very well. Foreign Secretary, I am going to put to you, as I have to, what Sir Max’s recollection of what happened is. He said when you spoke you said the Express were running a story in Glasgow which was under a ‘D’ notice and would Sir Max do something about it. That is what he recollects as the beginning part of the conversation.—A. It was a good deal longer before I knew, some hours later, they were running it in Glasgow. What I was told was that they were running the story, and what I said to him is “Your papers are running a story which is under a ‘D’ notice”, and I did as much as I could on the open telephone to explain to him why it was bad.

Q. Do you think you did mention Glasgow at all when you spoke at 10.10?—A. I do not think so. I cannot really think that I could have mentioned Glasgow.

Q. You did not say anything to the effect that it is now or very shortly will be on the streets in Glasgow and it is contravening a ‘D’ notice?—A. I am sure I said it is contravening a ‘D’ notice; that I have no doubt about at all. I have very grave doubts whether I said anything about Glasgow. Does it matter if I did? Is not the essential thing that they were contravening a ‘D’ notice?

Q. I just have to put to you, you see, what Sir Max is going to say. I am sure you will understand that. Sir Max recollects when you said this about running a story—he says he thought you said running in Glasgow—you asked him to do something about it. That you both agree about?—A. Yes, I asked him to stop it.
Q. Did he reply that he did not know what the story was but if it were contravening a 'D' notice he would have the story taken out?—A. I do not remember the first half. The words I do remember were “If we are contravening a ‘D’ notice I will kill the story.” The “if” was not the operative thing. He said “I will kill the story”, and very firmly.

Q. In case there is any doubt about it, I must suggest to you that his recollection is that he said, “If we are contravening a ‘D’ notice I will take the story out.”—A. That may be his recollection. I have not the slightest doubt, because the only person I spoke to immediately afterwards was my wife, and I said, “Thank heaven he has agreed to kill the story.” I had no doubt in my mind; I have no doubt now what he agreed to do.

Q. He did make it clear to you, did he not, that he did not know what the story was to which you were referring?—A. He did not say that at all. He did not even discuss that. He listened to what I had to say and he said, “Very well”, so far as I can recall the exact words, but whoever remembers the exact words?—so far as I can recall the exact words he said, “Very well, I will kill the story”, and I did not come away from the telephone with any suggestion of ifs or buts or “I will find out”. If I may say so, the call a good deal later from the editor of the Express to Mr. Greig, whom you are currently seeing, bears this out.

Q. Sir Max also recollects that you also made the point that if the Express held the story for 24 hours the Express would get a much better story.—A. No, no, no.

Q. Is that not right?—A. Totally untrue. If he is suggesting that, I am very surprised, and I will be very surprised if he in fact says that. That was not what I said. It sounds to me like a distortion of what I told the court I had said, which was, “If you want to know anything more about it come and see me and I will tell you anything more I possibly can about it.” That is a distortion of that.

Q. Then he recollects saying that he explained that Derek Marks was with him and he thinks he said “at the dinner”, and that he, Sir Max, would speak to Derek Marks.—A. Both totally untrue. He said, “Derek Marks is by my side”, and I repeat there was no reference to a dinner and I had every reason to think I was speaking to him at the Express office.

Q. Did you make any note of the conversation shortly afterwards at all?—A. I made my own note for myself of course there and then. I dictated the note which is in the office, and of which you have a copy, the day afterwards.

Q. Did you make a note there and then, just afterwards?—A. I just scribbled down on my thing—“I have talked to Max, he has agreed to kill the story.” Just a very short note.

Sir Peter Rawlinson: That is all, thank you, my lord.

Mr. Shinwell: Are you not surprised, Foreign Secretary, when it is suggested to you that Sir Max Aitken did not know about the story in the Express, since it had been talked about since the previous Thursday?—A. I am not only surprised, Mr. Shinwell, I just do not believe it, and this reinforces my view that he did not say anything like that to me. He was not a bit surprised when I spoke to him and, knowing the Express as I did, it could not possibly have been going on since before the previous Friday without Sir Max knowing what I was talking about.

Chairman: Many thanks.

(The witness withdrew)

EVIDENCE OF MR. N. TAYLOR

Chairman: Mr. Taylor, as far as I understand the matter, did not have any dealings himself on this matter with the Express. He did get an enquiry from the Daily Mail about the story and he gave an answer to the Mail. Very likely you will not have anything in particular to ask him.

Sir Peter Rawlinson: I am much obliged.

Chairman: Mr. Taylor, you are the Chief Press Officer for the Ministry of Defence?—Yes, sir.
Q. I want to bring you to Wednesday, 15th February.—A. Yes.

Q. And in your office you had a telephone enquiry from Mr. Angus Macpherson, who is the Defence Correspondent of the *Daily Mail*?—A. I did, sir.

Q. I imagine you knew him pretty well already?—A. I knew him very well for several years, yes.

Q. First of all, what was his enquiry to you about on that occasion?—A. With the proviso that of course after this length of time one cannot be absolutely certain of the exact words used—but the gist of the conversation was that the *Daily Mail* had had, I think he used the words 'a tip', but he may not have used those precise words, but anyway the *Daily Mail* had had a story that copies of overseas telegrams and telex messages were being collected by the Ministry of Defence and delivered to the Ministry of Defence once a day for some form of scrutiny, that after they had been seen by the Ministry of Defence for a period which was believed to be 48 hours the copies of these telegrams and telex messages were then returned to their original source. And Angus Macpherson asked if I knew about this and whether I could find out anything more about it.

Q. At the moment of that enquiry did you know anything yourself about such a procedure?—A. Nothing whatsoever.

Q. So he said, "Can you tell me anything about this?". I suppose.—A. Yes, and in fact because I knew nothing about it I was not able to say anything off the cuff to him. But I did appreciate of course that if there was anything in the story it was probably a subject on which I would not be able to help to any great extent: if it were true, from one's experience we would know we would not be able to comment on it, or if it was not true even the exact form of the denial would probably have to be rather carefully worded. But in any case this did not really arise on that particular occasion when he rang because I was so busy—I should explain this was the day before the Defence White Paper was published and we had some five separate press conferences to organise and to prepare for the following day. So I had in fact to explain to Angus Macpherson that I could not give him an answer straight away.

Q. In effect you said, "I do not know anything about it. This sounds the sort of thing I might not be able to help you with. I will make an enquiry"?—A. Yes indeed.

Q. What happened next as between yourself and Mr. Macpherson?—A. In fact nothing happened until the following day because of this Defence White Paper publication. But at some time—and I cannot remember, I made no record of the exact time—at some time on the Thursday we had a subsequent enquiry from Mr. Pincher of the *Daily Express*. And as soon as I heard of this second enquiry I got on to the head of the security service . . .

Q. Well, we need not go into that. You went to whoever you thought was the right person to ask about it?—A. Yes. On this sort of subject we have a man who normally is the fund of knowledge on this sort of thing.

Q. Yes. Then you made what enquiries you could, were told what you were told. And then all I want to know is what took place between yourself and Mr. Macpherson?—A. After the advice I had been given I rang back Mr. Macpherson about six o'clock on the Thursday and said there was absolutely nothing in this story and the whole thing was nonsense. Indeed I went so far, because of the advice I had been given, to point out the rather ludicrous nature of the suggestion he made—that here we were supposed to be receiving copies of telegrams sent overseas and telex messages, and it seemed rather inconceivable, that if we were involved in this we would be having sacks of these things delivered. I said this because of the advice I had been given and because of one particular word which had been used in the briefing which we had been given, and that was the use of the word "nonsense"—that the whole thing was nonsense, and that really was the substance of my conversation with Mr. Macpherson.

Q. What was his reaction?—A. As far as I knew at the time he had accepted this assurance from me that there was nothing in the story. Indeed he went so far as to say this did not really surprise him because of the source from which he had got the story.
Q. I see. Well, that was what passed between you and Macpherson of the Daily Mail until Sunday the 19th—is that right?—A. Yes. I had no subsequent conversations with Mr. Macpherson—at least on that subject—until he phoned me at home on the Sunday. In fact he had been trying to get me at home the previous day, but I had been out. I finally spoke to him some time on Sunday, and he was extremely upset because he felt, and told me that he felt, very let down over the answer that I had given him, because he said that the secretary of the Defence Notices Committee had been in touch with the Daily Mail, and obviously the committee would not have been involved in this approach to the Daily Mail unless there was something in the story which they had originally got and which I had originally told the Daily Mail was nonsense. Because I had known Mr. Macpherson for several years we had obviously more than a casual acquaintance of press officer and journalist; I trust him and he trusts me. And therefore when I had denied this story to him he accepted what I said as being true. This is not necessarily always so between a journalist and a press officer. Therefore he felt I must have known about the background of the story and I must have intentionally misled him. I said I did not know the Defence Notice Committee was in any way involved in this story, I did not know it on the occasion I had spoken to him, neither did I know of any involvement between the Thursday when I had spoken to him and the Sunday when he called me. Because of his obvious embarrassment in his own office—presumably he had reported my conversation to the news editor—and because of his disappointment that I had let him down I promised I would raise this on the Monday morning when I returned to the office to try and find out what had gone wrong.

Q. I see. You did not in fact have any further exchange with him?—A. No, none at all.

Q. We know in fact that Colonel Lohan was in the office of the Daily Mail on Monday?—A. I am sorry—when I said I had no further conversation, the conversation I had with him probably went on for 25 or 30 minutes. He did say Colonel Lohan had been in touch with the Daily Mail, and I made a note on the Monday morning of a phrase I remembered from his conversation, saying that the Daily Mail had been warned off the story. This, I think, was the phrase he used on Sunday.

QUESTIONED BY SIR PETER RAWLINSON

Q. Wing Commander Harris, is he one of your staff?—A. Yes, one of the press officers under me.

Q. You did not know anything about the story which you thought was nonsense. You thought the story was nonsense when you replied on Thursday?—A. Yes.

Q. Did you speak to Mr. Harris about Mr. Pincher's enquiry?—A. Whether I spoke to him directly is difficult to remember precisely. If I may just digress for a moment, on the Thursday we are talking about, this is the busiest day that we have for Defence Public Relations; we have some 200 correspondents into the building on that day, and it is awfully difficult to remember precisely who said what to whom. But I think I told Wing Commander Harris personally, although it may have gone through another member of the staff, the briefing I had had from our security people.

Q. What was believed by the press office of the Ministry of Defence on Thursday was that this story was nonsense?—A. Oh yes, indeed. There was no doubt about the substance of our reply. There may have been some doubt about the precise word, whether it was nonsense or ridiculous, but there was no doubt on my part or my staff's part that we had a very clear briefing to say this story was ridiculous.

Mr. Shinwell: Does it sometimes happen, Mr. Taylor, that when you first encounter a situation like this you or members of your staff say “This is nonsense” and then discover after further investigation that it is not nonsense at all?—I think I would be very naïve to pretend this does not happen sometimes, but the longer one spends in Government public relations I think
the more reluctant one becomes to make this sort of remark without making some enquiries first, which is why I hope when the Daily Mail came to me initially I did not make any such statement initially, because I had no background on this; although it sounded on the face of it a most unlikely story—one could not be sure—occasionally it does happen that one says “Oh, this really does sound nonsense”, but one would not normally say this unless one were very very sure of one’s background, and I was not sure of my background on this occasion.

Chairman: Many thanks.

The witness withdrew

EVIDENCE OF WING COMMANDER W. A. HARRIS

Chairman: Wing Commander Harris, you I think are employed in the press office of the Ministry of Defence, and Mr. Taylor we have just been hearing from is your chief?—A. That is right, sir.

Q. All I want to hear from you, at any rate at the moment, is what passed in the week with the 15th February between yourself and the Daily Express—I think it is Mr. Chapman Pincher.—A. Yes.

Q. On this request from the Daily Express on the cable vetting story which ran on the Tuesday of the following week. Can you tell us as far as your memory goes about what enquiry you got and the answer?—A. Yes sir, so far as my memory goes. A little after three o’clock—I cannot be exact, probably about a quarter past three—I got an enquiry from Mr. Pincher.

Q. We are on Thursday the 16th?—A. Yes. I had an enquiry on the telephone from Mr. Pincher. He said that he had heard that cables were collected from some cable offices in London by a van, I think he said—I am not positive about this—an M.P.B.W. van, and taken to a Ministry of Defence building where they were kept for a period of I think he said 48 hours, and were afterwards returned to the cable offices. We had two conversations on this day, and I am not positive which piece of what I am saying was in which conversation. But in one or other of the conversations he made the point that the cables were not delayed by this, that there were copies made of the cables, the cables were despatched, he thought, from the cable offices so that there was no delay while the cables were being looked at—could I confirm that this was so. I told him that we had already had a similar enquiry from the Daily Mail—this was the previous day—and he said—again I am speaking from memory—that he knew this because the same man that had been to the Daily Mail the previous day had come to see him. After we had finished talking, knowing he had had this previous enquiry and Mr. Taylor had dealt with it and was asking advice on how to handle the Daily Mail enquiry, I told Mr. Taylor, and did nothing more, as I was due at two press conferences ten minutes later. And it was not until something after half past five that I was free to do anything about the enquiry. It was then that Mr. Taylor told me the line that was to be taken and I telephoned Mr. Pincher . . .

Q. I see. You did not make any enquiries of your own?—A. None myself at all.

Q. You telephoned Mr. Pincher?—A. I telephoned him and said that our people were either surprised or astounded to hear this sort of thing and that it was ludicrous. He asked me if he could quote me as saying that, and I said No, I would rather he did not quote me, but this was what I had been told I could say to him, and he seemed satisfied with that answer.

Q. And that was all that passed?—A. Not quite all, sir, no. He said—again I am speaking from memory, because I have no complete note of the thing—he said he thought there must be something in the story even if it had nothing to do with the Ministry of Defence because he had, he thought, some confirmation of it from another source, to which I said “With the greatest of goodwill I cannot help you any further. You had better pursue your other source”, and that was pretty well the end of the conversation.
Q. It is quite clear, is it not, that Mr. Chapman Pincher spoke to you some time after three o'clock and he said he had heard cables were collected from some cable offices? That is what he said, is it not?—A. Yes.

Q. Cables from cable offices. This was the story he was asking you about?—A. Yes.

Q. And he said they were taken to a Ministry of Defence building where they were kept for 48 hours and then they were returned to the cable offices. This is what he was saying?—A. Yes.

Q. Then you made your enquiries and rang him back?—A. Yes.

Mr. Selwyn Lloyd: When you spoke to Mr. Pincher in the evening of the Thursday and you told him that the story was ludicrous etc., I think you said to us that Mr. Pincher appeared to be satisfied—what was the phrase you used?—A. Yes, I think I said he was satisfied.

Q. But then did he not go on to say something else—that he was certain there was some substance in the story because he had had some confirmation of it from another source?—A. Yes. What I mean, and what I think he meant, is that he was satisfied that that was all I could do for him.

Sir Peter Rawlinson: I am sorry. Could I put another question?

Chairman: Yes.

Sir Peter Rawlinson: If a Ministry spokesman is asked about a subject covered by a ‘D’ notice, would he say “That story is covered by a ‘D’ notice”?—A. It would be perfectly proper to say that if you knew it as a fact. If you ask my personal opinion I could not guarantee to be able to say that in reply to every question I get which might be covered by ‘D’ notice, because I do not know them by heart.

Q. If the spokesman knew they were covered by ‘D’ notice he would say so, would he not?—A. Yes, I think he would.

Chairman: Thank you; that is all.

(The witness withdrew)

EVIDENCE OF MR. T. A. O’BRIEN

Chairman: Mr. O’Brien, all we want to get from you is what passed between you and Mr. Chapman Pincher in February on the question of a story about cable vetting, collecting copies of cables from cable offices or from the G.P.O. You had some enquiry, I think, on the 15th February, did you not?—A. Yes, I think so.

Q. You are Director of Public Relations at the General Post Office?—A. Yes, that is right.

Q. What enquiry did you have and what answer did you give?—A. He asked me whether in fact copies of all cables were collected and taken away to, I think if I remember rightly he said what was the old Admiralty building. And after I had checked with my colleagues I explained to him that this was not so, all cables did not go.

Q. Did he say he was working on a story to this effect, or was it a question out of the blue?—A. No, he said he had got a story to that effect.

Q. Collected from the cable offices and taken to what he called the old Admiralty building?—A. That is right, including our cable office.

Q. And you made enquiries internally about what was going on?—A. That is right.

Q. What did you tell him?—A. I told him it was not true that all cables were so collected and taken to the Admiralty building.

Q. Was that all that passed when you were giving him your reply, just one sentence like that?—A. No, I do not think this could possibly be so, because on the question of whether it was true that all cables went I said No.
Q. Did you say anything more?—A. My recollection—it is very difficult now after this period, but my recollection is that although he accepted that was true he was not so sure this was the whole story.

**QUESTIONED BY SIR PETER RAWLINSON**

Q. Mr. O'Brien, you had two calls from Mr. Chapman Pincher that afternoon, Thursday, 16th February, did you not?—A. Yes. There was one call which I had. It came to me, and then I called him back.

Q. Two conversations on the telephone?—A. Two conversations; the second one was simply a response to the first call.

Q. I suggest when he telephoned you the first time you said to him “There is some substance in the story, but I will check and I will telephone you back.” —A. This is so, because this is something which is perfectly well known.

Q. And having said there was some substance in the story but you would check and make further enquiries you then rang off and made your enquiries and telephoned him back in his office at the Express?—A. That is right.

Q. And did you say to him on the second occasion that in fact it is not all the cables that go but only some of them do?—A. Certainly not all cables go.

Q. I know. But did you say to him not all the cables go but some of them do?—A. This I think is something which everybody has known.

Chairman: No, Mr. O'Brien—just try to recollect what you said.—A. I think this would be true.

Sir Peter Rawlinson: That is what you said, is it?—A. Yes.

Q. And his first query of course was about the collection of all cables from cable offices, was it not?—A. Yes.

Q. And they were sent to the old Admiralty building? That in fact is what happens, is it not?

Chairman: I think that will not really help you.—A. That part I do not know. What I do know is that all our cables do go to our telephone manager’s offices for putting into account.

Sir Peter Rawlinson: Yes. Thank you.

Mr. Selwyn Lloyd: Mr. O'Brien, you are agreed now that you said it was not all the cables that go but some of them, and then you said by way of explanation that that is something that everybody would know.—A. Yes.

Q. How would they know it?—A. I do not know. I do not really know the answer to that, except that this does happen.

Q. The point is you are saying that it is general knowledge that this happens. —A. I think it would not be general knowledge, would it? Quite a lot of people would know about it.

Q. Perhaps we do not want to get too deep into it, but do you mean there is a physical transport involved which does take place before the eyes of people? —A. I want to make it quite clear that as far as we are concerned all we know definitely that happens is that the copies of the cables go to our telephone manager’s offices for being put into account. This is the important thing.

Chairman: Right. Thank you.

(The witness withdrew)

Chairman: Now we have reached the point where we hear the Daily Mail witnesses. They are going to be represented by counsel?

Mr. Hirst: Yes, my lord. My name is D. Hirst. My lord. I think it will be most convenient for your lordship if I call them in this order: Mr. Matthewman, Mr. Macpherson, Mr. Brittenden. This is the chronology of the matter. But it is of course entirely for your lordship.

Chairman: Yes, I do not mind. Now they have got you here you will want to put your questions to them?

Mr. Hirst: I think it will save the committee’s time if I do, my lord.
Chairman: But I have no statement.

Mr. Hirst: I will hand that to your lordship now.

Chairman: You will understand the sole reason we want to hear from the Daily Mail is to hear their part in the production and the ultimate publication of the cable vetting story, and in particular what exchanges took place between them and any representative of the Government.

Mr. Hirst: My lord, their evidence will be confined solely to that, and I quite appreciate that.

Mr. E. V. Matthewman called
Examined by Mr. D. Hirst

Q. Mr. Matthewman, is your name Eric Victor Matthewman?—That is right.
Q. Are you the Managing Editor of the Daily Mail?—A. I am.
Q. Prior to the 17th February did you know anything at all about the cable vetting story?—A. No, nothing at all.
Q. On the 17th February in the afternoon did you get a message from your assistant managing editor, Mr. J. H. Spence?—A. I did.
Q. What was the substance of that message?—A. He said that Colonel Lohan of the ‘D’ Notice Committee had telephoned and wanted to talk to me. He was concerned about some enquiries he had heard we were making into the examination of commercial cables. That was the substance of the message.
Q. Did he add anything about Colonel Lohan’s willingness to come anywhere if need be?—A. Yes, he said that he regarded it as a very important matter and that if necessary he was quite prepared to come up from the country, from where he was telephoning, that afternoon.
Q. Did you then telephone Colonel Lohan yourself at a Charing in Kent number?—A. I did.
Q. What did he say to you to start the conversation?—A. He told me that he had heard we were making enquiries into checking on all kinds of cables. He told me that he knew that a reporter whom he named, Celia Hadden, had been involved in these enquiries, and he said it was important in his view that a story coming from these enquiries should not be published for security reasons; he was not prepared for obvious reasons to discuss the matter on the telephone, but that obviously he would give me the detail of it if we were to meet face to face. I said that obviously I would need to make some enquiries myself, which I did. After talking with him I sent for the reporter he had named and asked what basically this story was all about.
Q. Could you just finish the Colonel Lohan conversation first? I will ask you two other questions, and then we will come to your enquiries. Did he say anything about another newspaper?—A. He said that another newspaper to his knowledge was making enquiries and that he had spoken to this newspaper, yes.
Q. Two other questions that do not come on your proof that the committee have. Did he say anything about ‘D’ notices in that conversation?—A. No, there was no mention of ‘D’ notices there.
Q. Secondly, did you give him the name of the Daily Mail’s informant in that conversation?—A. No, I did not. As a matter of fact I did not know it.
Q. Did you then ring off and say you would make enquiries?—A. I did.
Mr. Hirst: And perhaps I can lead with this, because I think it is quite clear?
Chairman: Yes.

Mr. Hirst: Did you then speak to Celia Hadden and ask her what the story was all about?—A. Yes.
Q. Did she tell you the details?—A. Yes.
Q. Did she tell you there was nothing on paper at that stage?—A. Yes.
Q. Did she tell you that the defence correspondent, Mr. Chapman Pincher, was also making enquiries?—A. Yes.

Q. And did you check with the news room that there was nothing on paper and there was no question of publication that weekend?—A. Yes, I did all that.

Q. Did you then telephone Colonel Lohan again and tell him that?—A. Yes. I told him there was no question at any rate of the story being published that weekend, and that therefore in my view anyway Monday would be early enough for us to talk.

Q. Did you then report the substance of your conversation with Colonel Lohan to Mr. Britenden, the editor?—A. I did, immediately Colonel Lohan had left.

Q. And also make sure the news room were not going to publish?—A. Yes.

Q. Now come to Monday, 20th February. Did Colonel Lohan come to your office about three o'clock in the afternoon?—A. Yes.

Q. Had you made an appointment, or had somebody else?—A. Colonel Lohan had made the appointment with Mr. Macpherson, our defence correspondent.

Q. Was Mr. Macpherson there when Colonel Lohan first arrived?—A. No, he arrived perhaps two minutes after Colonel Lohan arrived in my office.

Q. Who else was in your room during the Colonel Lohan conversation?—A. The assistant managing editor, Mr. Spence, and so was my secretary.

Q. Now will you tell the committee what Colonel Lohan told you and Mr. Macpherson about this matter?—A. He said once again that he knew that we had been making these enquiries; he agreed quite early in the conversation that our information that cables of all kinds were being checked was true. He said that this was a method of checking spies or potential spies which had been going on for some years, he said; and he said that this method of checking had yielded some worth while results, that it would be prejudicial to the continuance of these results if we were to publish a story now, and in general presented to me a request that we should hold our hand on this particular story. Macpherson asked whether in fact the checking which was going on was involved in a specific operation, possibly directed towards a particular person or people, and Colonel Lohan said “Well, there are always specific operations going on”. And Macpherson, I think feeling this was not quite the answer he wanted, said “But can you tell us whether there is a particular operation going on now, the results of which we might be likely to hear soon?” Colonel Lohan said that certainly there was a particular operation going on, he would not want to be precise about the word “soon”, if what was meant was whether there was something going on of which we would hear a result in your lifetime—talking to Macpherson—well then, this would be so. And that question was left at that point.

Q. Was anything said or done about ‘D’ notices?—A. Yes. Colonel Lohan at a stage in the conversation did say “There are as a matter of fact a couple of ‘D’ notices”—which he half drew out of his pocket—“which could be said to affect this particular story”. But he put the ‘D’ notices back and said “However, this conversation is not on the basis of ‘D’ notices; this is on the basis that I am making an approach to you in this manner”. And as far as I recollect there was no further reference to ‘D’ notices at all in that conversation.

Q. Did he say anything to you about the authority under which this scrutiny was carried out?—A. Yes. I think either I or Macpherson did ask whether this was a normal procedure, and he said it was authorised under warrant under the Official Secrets Act. He said that the warrant could be applied for and its length of operation was variable.

Q. Were you as managing editor in a position to make a commitment one way or the other as to whether the story would be published?—A. No, certainly not.

Q. Did you, however, tell Colonel Lohan what your view was personally and what you would do?—A. Yes. Towards the end of the conversation I said as far as I was concerned I felt personally that there was a case here for non-publication. “But”, I said, “naturally you will appreciate a decision of that kind rests with the editor, and naturally as soon as you have gone I shall be talking to the editor about it, and I will leave him to make up his mind.”
Q. Did he say anything about any other newspaper's interest or attitude, and if so did he name any person or any paper?—A. He did in fact mention he had talked with Mr. Chapman Pincher. I would not be able to quote the specific words coming from his mouth, but certainly he left me with a very clear impression—I was in no doubt at all that I was to infer that as far as Mr. Chapman Pincher was concerned the story was not going to be published, but he did not specifically say that to me—this was a very clear impression which was gained at the conversation.

Q. Have you now told the committee everything material that you remember about this conversation?—A. Yes, I believe that I have.

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Q. Have you now told the committee everything material that you remember about this conversation?—A. Yes, I believe that I have.

Q. Did you go straight to the editor to see him?—A. I did.

Q. Did you report to him in general terms the gist of what Colonel Lohan had told you?—A. Yes, I certainly did.

Q. Did the editor then ask you a question, and if so what was it?—A. Yes. The editor asked me whether Colonel Lohan had referred to a specific operation going on at that time, and naturally I said Macpherson had asked that question, and I told him the answer which I have already given to the committee.

Q. Did you and the editor then discuss the principle involved in this kind of approach by Colonel Lohan, and if so in what terms?—A. We did discuss it. There was some conversation between us on the question of whether this approach had the equivalent weight of a 'D' notice, and in the course of that conversation I think we both agreed that in such a system as we have of a voluntary system of trust and confidence we could neither of us—I had better not speak for the editor—but I said I could see no difference in principle between a request put in this manner by the secretary of the 'D' Notice Committee and a 'D' notice itself; it did not seem to me to alter the principle of the thing at all.

Q. Did the editor then make a decision?—A. Yes, the editor decided at that moment that we would not publish the story.

Q. Did you then pass on the message to the news desk?—A. I did, yes.

Q. Did you also report—I take it, by telephone—the editor's decision to Colonel Lohan?—A. Yes, he had asked me to let him know what the editor decided, and I did that.

Q. Will you come forward now to sometime about 10.30 or eleven o'clock on the Monday night, the 20th: did you receive a telephone call from Mr. Beverley, the night editor of the Daily Mail?—A. Yes, I did.

Q. What did he tell you?—A. He told me that Colonel Lohan had telephoned the office and had said that he had learned that this particular story was appearing in the Scottish Daily Express. The night news editor at that time was not I think completely in the picture; I told him quickly of the conversations I had had with Colonel Lohan and with the editor; I then cut the conversation rather short and said: "In the light of this, clearly the editor must be told straight away of what is going on in the Scottish Daily Express". I got from the night news editor the editor's telephone number for that evening, and telephoned him and told him what the night news editor had told me.

Mr. Hirst: Mr. Matthewman, we know that the story in fact appeared in the third and subsequent editions of the Daily Mail for that night. I do not know whether the committee have got them, or, if they have not, whether they would like them, but here they are.

Chairman: Perhaps we had better have copies in among our documents.

Mr. Hirst: You formally produce those, Mr. Matthewman?—A. Yes. (Papers handed to the committee.)

Q. Finally so far as your evidence is concerned, were you the author of a little bracketed paragraph on page 5 of the Daily Mail the following day, reporting the Prime Minister's parliamentary statement concerning the publication of the Daily Express?—A. Yes, I was.
Q. May I hand that in? (Paper for Wednesday, 22nd, passed to the commit­tee.) The original story is the front page article on the 21st, the parliamentary report is on page 5 on the 22nd, under the heading: "Wilson and the case of the vetted cables". I will just read, so that we see it in context, the first four paragraphs of the article:

"Mr. Harold Wilson yesterday criticised a newspaper for publishing a 'sensationalised and inaccurate story' about checks by security officials on private cables sent abroad.

The Prime Minister told the House that the confidence and trust which were the basis of warnings to newspapers ('D' notices) that publication of a particular item would be against the public interest on security grounds had been called into question by the newspaper's action."

Now we come to your little bit, do we not?—A. Yes, indeed.

Q. Which reads:

"Information about the security checks being made was in the possession of the Daily Mail last week. It was represented to the Daily Mail on behalf of the security services that publication of this story at this particular time would be undesirable. Therefore, the newspaper decided not to publish.

Early editions of yesterday's Daily Express carried the story. The Daily Mail decided that because of this, no security grounds remained and published its own story in its later editions."

Then you go on reporting Mr. Wilson's statement?—A. Yes.

Mr. Hirst: I do not think I need read that. That, my lord, is I think everything about which this witness can help the committee.

CROSS-EXAMINED BY SIR PETER RAWLINSON

Q. Mr. Matthewman, on Friday that was the first conversation, was it not, and there was no mention by Colonel Lohan of 'D' notice at all, was there?—A. No, not at all.

Q. He told us that he thought he had had a conversation with you on Sunday—I may be wrong about that—did you have any conversation with him on Sunday?—No.

Q. He agreed to meet you on the Monday, to come to you on the Monday?—A. That is right.

Q. And duly came on the Monday. After he had gone, when you had this discussion with Mr. Brittenden, the editor, you discussed together whether in these circumstances this was the same as a 'D' notice or not?—A. Yes.

Q. Or editor's discretion, as it were, is that what it was?—A. No, what we were concerned about was whether an approach of this kind had the same weight, the same effect as a written 'D' notice, and that is really what we were discussing between ourselves.

Q. And this was a matter of discussion, talking it out among yourselves, you and Mr. Brittenden?—A. Certainly.

Q. Because no 'D' notice had been applied; on the other hand you had had this actual request from the secretary, had you not?—A. Quite, this was the point of the conversation.

Q. It had been said, I understand, on that meeting when you and Mr. Macpherson saw Colonel Lohan, there was definite talk, some kind of talk about a specific operation going on?—A. That is right.

Q. It would be right to say this played naturally an important part in any advice that you gave, if you were asked to give any advice, to the editor, about whether to publish or not?—A. Oh yes, it was a vital part.

Q. And you reported indeed two matters to the editor, did you not: as you have told the committee, you reported that Mr. Macpherson immediately raised this point, and what Colonel Lohan said?—A. Yes.
Q. Can you tell me this, just to fit in, Mr. Matthewman: when you were telephoned at 10.30, what is the stage on that night about your going to press, your first edition? What stage are you at then?—A. We are very close to going to press at that stage.

Q. And the first edition went without the story, is that right?—A. That is right, yes.

Q. And the second?—A. Also without.

Q. When did it first appear?—A. It first appeared in the third edition.

Q. Which is about what time?—A. Around one o'clock in the morning.

Sir Peter Rawlinson: Thank you.

Chairman: Would you just tell me one or two things, Mr. Matthewman: I am not quite sure of your function as managing editor, does it involve you in any detailed knowledge of ‘D’ notices?—A. Not detailed knowledge, my lord.

Q. Primarily the editor is concerned to know what they are?—A. Certainly the editor, I would say primarily the defence correspondent.

Q. I am not so sure, but never mind. At any rate, I suppose the editor's office keeps a file of the current ‘D’ notices?—A. They are in fact kept locked in the news room.

Q. Then when Colonel Lohan came to see you on the afternoon of Monday, the 20th, he apparently had two ‘D’ notices with him, and made reference to them?—A. That is right, my lord.

Q. Did it get as close, between you and him, as Colonel Lohan actually reading any bit of them out to you or referring you to them?—A. No, my lord, not at all, they were not even opened.

Q. So it really was not present to your mind one way or the other as to what particular wording was used in those ‘D’ notices which he said had reference?—A. No, my lord, in fact the reverse, because he said he was not making a point of those ‘D’ notices.

Q. The only other thing I wanted to ask you was this: you and the editor, when you came to talk the matter over as to what you should do after Colonel Lohan had left, you put the issue to yourselves: “Ought we to treat this request from the Press and Broadcasting Committee's secretary as being equivalent to the receipt of a ‘D’ notice directly on the point?”?—A. That is right, my lord.

Q. Have you ever had an approach of that kind, which appeared to be outside the range of ‘D’ notices themselves but was yet made on the same grounds?—A. I have not personally had one.

Q. I do not know how far or in what directions your experience has gone, but you have not come across this kind of approach?—A. I have heard of these approaches, I have not personally had one.

Q. I should have thought the difference was that you could be sure that a ‘D’ notice issued by the Press and Broadcasting Committee, if observed, went to all newspapers, including your competitors, but did a personal appeal to you, one paper, necessarily have the same result?—A. Our view, my lord, was that it would have the same result as far as we were concerned.

Q. Because he did mention that the Express was also being approached?—A. Yes, he did. Our concern on this point, if I have not perhaps made it entirely clear, was because we had not been so to speak cited a ‘D’ notice as a reason for us not publishing. What we had got was an approach by the secretary of the ‘D’ notice Committee. Now I have heard—although as I have said I have not personally dealt with them—I have heard of similar approaches, and failing a ‘D’ notice having been cited to us, the editor’s concern and mine was whether in fact we should be viewing the approach which had been made in the same light as we would have done had we been served with a ‘D’ notice, and we came to the conclusion that in this voluntary system, which is, as has been repeated so often, a matter of trust and confidence, we came to the conclusion that we should respect an approach of that kind, we should treat an approach of that kind in the same way as we would treat a ‘D’ notice.
Q. As if it had the same force and authority as a ‘D’ notice?—A. Yes.
Q. But I suppose you would make an enquiry: “If we observe this, what about other people?”—A. No. For all cases of this kind this must in my view, with respect, be a matter of an individual editor’s decision. I do not think at the time he is making that decision he can be influenced by what another newspaper may be about to do. Naturally, if subsequently another newspaper does in fact remove what causes he may have had for not publishing, he would then clearly want to think again.
Q. That was what I gather happened in your case, was it not?—A. It was indeed.
Q. Because when the story did come out you felt you could not observe the request?—A. It seemed that the reasons for which we had withheld the story—that was, that we had believed there to be good security reasons for not publishing—those security reasons could no longer exist when the thing was being turned out by the Express at great speed.

Mr. Shinwell: I am not quite clear, Mr. Matthewman, why Colonel Lohan approached you instead of going direct to the editor, who has the sole discretion as regards publication? Why did he approach you?—A. I think the answer to that is that as managing editor my principal functions are administrative, and in many problems which will eventually reach the editor for his decision the early steps in getting the necessary information are taken by me, and I think Colonel Lohan knew that.
Q. But can you recall any similar case where you were approached, where it was not so much a matter of the ‘D’ notice or the violation of the ‘D’ notice, but rather a matter of the secretary of this Broadcasting Committee speaking to you in his capacity as secretary?—A. I remember at least one other occasion when he telephoned me, yes; I cannot recollect on what particular subject. But I think it is probably fair to say that Colonel Lohan knows perfectly well what my particular functions are.
Q. There was no actual discussion about the ‘D’ notices, when he came to see you, although he took them out of his pocket and put them back?—A. No.

Mr. Selwyn Lloyd: Just to get a word clear, because I am not certain what you said originally: in your proof you say he said there were two ‘D’ notices which could be said to cover the particular circumstances, and he had them in his pocket and half took them out and put them back, then he said he was not relying on them on this occasion?—A. I would like to say that that is in fact the gist of what he said. I could not quote his exact words, because obviously at that time there was no particular reason why I should be taking notes, and I did not take them. But that is the sense of what he was saying. He actually went through the physical motions of taking them out and putting them back, and he said: “This is not what we are discussing at the moment.”
Q. It was going to be discussed on the basis of a personal approach?—A. Yes.
Chairman: Thank you, Mr. Matthewman.

(The witness withdrew)

MR. C. A. MACPHERSON CALLED
EXAMINED BY MR. HIRST
Q. Mr. Macpherson, your full name is Charles Angus Macpherson?—A. Yes.
Q. Are you the defence correspondent of the Daily Mail?—A. Yes.
Q. Would you just answer this yes or no: did you begin enquiries on the cable vetting story on Wednesday, 15th February, as a result of information received on the previous night?—A. Yes.
Q. Did a Miss Celia Hadden collaborate with you?—A. Yes.

Q. Had you any story on paper on the Friday?—A. No.

Q. Whether or not there had been any approach from Colonel Lohan, what would you have done of your own volition about your story before submitting it for publication?—A. As soon as I was certain that there was a story and had sufficient facts to write it, I would have consulted Colonel Lohan to see whether in fact there was a security objection to publishing it.

Q. Why?—A. Well, two reasons: in the first place this would be a story obviously to do with the methods and activities of the security services, which is automatically covered by a general ‘D’ notice; and secondly, anything to do with the security services by precedent one does discuss with the secretary of the ‘D’ Notice Committee.

Q. Just answer this yes or no: did you on the Friday know that Mr. Chapman Pincher was also on the trail?—A. Yes.

Q. Did you get a message on the Friday afternoon—this is the 17th February—from Mr. Matthewman’s office?—A. Yes.

Q. Tell us what it was, please.—A. It was that Colonel Lohan had been in touch with Mr. Matthewman’s office saying that he knew that the Daily Mail were enquiring into this story, and had asked us to hold up publication until they had the opportunity to discuss it with us.

Q. Did you yourself then telephone Colonel Lohan at Charing, in Kent, that evening?—A. Yes.

Q. At what time, roughly?—A. About 6.30.

Q. What did he say to you?—A. I asked him, to start with, I simply said: “I gather you have been in touch with us already about this?” and he said “Yes”, and I said: “I was going to ring you, but anyway, what is the security situation on this story?”, and he said: “Well, it is a very serious security matter indeed, it goes far beyond ‘D’ notices. I cannot say anything further over the phone, but I have already asked your managing editor and I would ask you to do nothing about publication until we have conversed”. And he said he had arranged to come in and see Mr. Matthewman at three o’clock on the Monday, and I said I would be there too—in fact I think we made the appointment during that conversation.

Q. Did you mention Lawson’s name, or did anybody mention Lawson’s name?—A. No.

Q. Was anything said anonymously by Colonel Lohan about your source—when I say “anonymously” I mean without mentioning names?—A. He said he thought that if we had a source, a particular source, he was getting into fairly deep water and should be warned. He asked in fact—he did not ask me for the name, he said: “Of course you can’t tell me the name, but if you can get a warning to him it would be in his own interests”, and after discussion with the editor we agreed that we would convey to the man who had talked to us that the head of the Services Press and Broadcasting Committee would appreciate a phone call from him, and we agreed to go that far. I believe that was done.

Q. Did you finally make a time of appointment on the following Monday with him—A. Yes, three o’clock.

Q. Where did you arrange to meet him?—A. I said I would see him down in the lobby at Northcliffe House.

Q. Will you come forward now to Monday, the 20th: did you in fact meet him in the hall?—A. No, I was a few minutes late and he had already gone up to Mr. Matthewman’s office.

Q. So when you first saw him that was in Mr. Matthewman’s office?—A. Yes.

Q. You have sat in during the last quarter of an hour when Mr. Matthewman was giving his account of that conversation?—A. Yes.

Q. Subject I think to one point which you must explain, do you confirm that account?—A. Yes.
Q. There is one thing I think you do not remember, which you ought to speak about.—A. I do not remember what Mr. Matthewman does, this reaching for two ‘D’ notices in his breast-pocket. I do remember him saying: “I am not relying on the ‘D’ notices” in this context, and of course he had already said to me on the telephone on the Friday night: “This is not a ‘D’ notice matter, it goes far beyond it”.

Chairman: They are not quite the same things. Did he both say “It is not a ‘D’ notice matter” and “It is far beyond it”? Or did he say “This is something that is far beyond ‘D’ notices”?—A. On the Friday night he said that, on the Monday he said: “I am not relying on ‘D’ notices”.

Q. But on the Friday night he said both “This is a very serious security matter” and “It goes far beyond ‘D’ notices”—A. Yes.

Mr. Hirst: What was your view—do not worry about anybody else’s—what was your view at the end of Colonel Lohan’s conversation on the Monday?—A. My view was that we ought not to publish the story.

Q. Why?—A. Because I felt that this was an activity of the security services that they were entitled to keep to themselves, and in this of course I was particularly influenced by the fact of the confirmation that there was a specific exercise going on at that time, which might come to an end within a measurable period, that there was in fact something they were after at that particular moment which might be prejudiced by publication at this time.

Q. We now come forward to much later that night. Did you, sometime about eleven o’clock or 11.30, get a telephone message at home from the night editor, Mr. Beverley?—A. Yes.

Q. Was a story which he had written read over to you, and did you confirm it?—A. Yes.

Q. That is the story, is it not, which eventually appeared in the third edition and thereafter of the Daily Mail the next day?—A. Yes.

Q. Were you told that Colonel Lohan had asked for something?—A. I was told that Colonel Lohan had passed this with the exception of one phrase, . . . and he had asked that this should come out, which had been done, and apart from that he had O-kayed the story, and it accorded with the information I had too.

Mr. Hirst: Thank you.

Sir Peter Rawlinson: No questions.

Chairman: Help me out on this, will you, Mr. Macpherson: you do have a pretty good working knowledge of the wording of ‘D’ notices, do you not?—A. Yes, sir.

Q. One of April 1956 has been referred to.—A. Yes.

Q. I just want to see what you, with your experience of them, make of these words: “Will you please in the national interest make no reference to the following . . . ”, and the first heading is “Secret intelligence or counter intelligence methods and activities in or outside the United Kingdom”. Did the activities which you were getting on to, in the story you were studying, appear to you to be secret intelligence methods or activities?—A. Yes, sir, they did.

Q. I have a little difficulty in seeing what else they could have been.—A. If I could add on that, sir, this would mean in my mind that it was therefore something that one would automatically discuss with the secretary, with Colonel Lohan, and this would be the baseline you would start from, that before you print anything you must discuss this with him, and possibly argue the point with him.

Q. That is what you started to do on the Friday, as I understand?—A. I was pre-empted by Colonel Lohan, of course, who called us, but I would have called him probably that evening in any case. He meanwhile called us.

Q. The other thing—I am only seeing what your attitude was—is that Colonel Lohan stated to you and Mr. Matthewman on the Monday that there was a specific operation going on?—A. Yes.

Q. Which could be prejudiced of course by publication?—A. Yes.
Q. If you thought the general business was well within this wording which I have read out to you from the April 1956 letter, did it matter from the point of view of Defence Notices whether there was a particular detective operation, or whatever it was, going on, or not?—A. I think this fact clinched it. If it had not been, if it had been agreed this was just a general sampling operation, then one would have had to consider whether there was any possibility of this being misused, whether in fact it was a thing which ought to be revealed, in general terms, and I think the editor of a newspaper, after advice, always has this overriding right to say: “Despite the advice from the security authorities, we consider this is something which the public should know is going on”. The fact that a specific operation of uncertain date, but one you would hope to see the end of fairly soon, was going on, was certainly a crucial factor in my mind.

Q. Yes, a clincher; but if I understand it—and I want you to say if you agree with this or not—although you think it would have been within the wording of a particular ‘D’ notice, it would have been a question whether there were other public interests so important that the editor might decide to print just the same, is that it?—A. Exactly, my lord, yes.

Mr. Shinwell: You appear not to have been surprised that no reference was made to the ‘D’ notice; why was that?—A. Because I had assumed that this was within the general terms of the 1956 ‘D’ notice, being an activity of the security services in this country.

Q. Was that simply because Colonel Lohan had come to you and spoken to you about it?—A. No, I think it was because I have known this ‘D’ notice for a very long time, I knew the terms of this, and I assumed, as I would in any story of this kind, that it was a matter which had to be referred to the ‘D’ Notice Committee or its secretary.

Q. Some reference has been made to the statement he made to you on Friday, and judging by the language he used he would seem to have taken a more serious view on Friday than on Monday; on Monday he did not refer so much to the ‘D’ notice, but on Friday it was rather different, was it not?—A. I think possibly when he met us on Monday he was relying on the fact that he had spoken to both of us on the Friday, and to me at any rate he had said: “This is a matter going far beyond ‘D’ notices, this is a serious security matter”.

Q. He had said he was not relying on the ‘D’ notice, on Monday?—A. Oh, he did, yes.

Q. And on Friday he did rely on the ‘D’ notice?—A. On Friday he said: “This goes far beyond ‘D’ notices”.

Q. Have you been approached at all by somebody named Lawson, giving you information about this matter?—A. I have not, no, sir.

Q. Do you know about him?—A. I know of him through hearsay, yes.

Q. He has never approached you in any sense?—A. I have never met him.

Chairman: Thank you, Mr. Macpherson.

(The witness withdrew)

MR. A. BRITTENDEN CALLED

EXAMINED BY MR. HIRST

Q. Mr. Brittenden, is your full name Arthur Brittenden?—A. It is.

Q. Are you the editor of the Daily Mail?—A. Yes.

Q. Were you aware before Friday, 17th February, that Mr. Angus Macpherson, who has just given evidence, was investigating with Miss Celia Hadden information concerning cable vetting?—A. No, it was not until the 17th that I became aware of it.

Q. On the same day were you told by Mr. Matthewman of a message he had received by telephone from Colonel Lohan?—A. Yes, I was.
Q. Just tell the committee in substance what Mr. Matthewman told you.—A. He told me Colonel Lohan had telephoned him about enquiries he understood the Daily Mail were making into the vetting of cables, that Colonel Lohan said that publication of this story would be wrong and against the national interest on grounds of security. Mr. Matthewman, not knowing the extent of the enquiries, then checked and found out that our enquiries were still far from complete, and it was clear that we would need to work on them for at least another day or so before we would then arrange for publication. On these grounds, and also because Colonel Lohan was at that time down in the country, we agreed that we would take no further action on the story until Colonel Lohan could talk to us on Monday.

Q. I think you knew that an appointment had been made for the Monday?—A. That is right, yes.

Q. Will you come forward now to the Monday, 20th February, when I think, after his interview with Colonel Lohan, Mr. Matthewman came to your office to report to you?—A. That is right, yes.

Q. What was the substance of what Mr. Matthewman told you at the outset of that conversation?—A. What he said again was to repeat in general terms what we had been told on Friday, that Colonel Lohan was saying that it would be against the national interest to print this story. At this point I think I said to Mr. Matthewman that I still thought that the fact that cables were being vetted in this way was a disturbing state of affairs, and I was not happy about it. It was then in this conversation, at this point, that I said: ‘Did Lohan in his arguments make any point about a specific operation going on at the moment? Would we, if we published, be interfering with anything they are doing at this particular time?’ Matthewman said that indeed that question was put to Colonel Lohan by Angus Macpherson, and that in reply Lohan had said: ‘Yes, there is an operation going on at this time’. ‘This, for me, was the decisive factor, because it seemed to me untenable that we would print a story if we had been assured by Colonel Lohan that in doing this we would interfere with something which the security authorities were doing at that very time.

Q. Did you have a discussion with Mr. Matthewman as to the principle of this kind of approach from Colonel Lohan?—A. Yes, I did, and we agreed, in the terms which I think Mr. Matthewman himself has already described this afternoon, that for Colonel Lohan himself personally to make these representations, and in as forceful a fashion as he had done, must be tantamount to the authority of a ‘D’ notice.

Q. You therefore gave instructions not to publish?—A. That enquiries would not go on and that the story would not be published.

Q. In view of questions which have been put to Mr. Macpherson, I think perhaps I should just ask you about this, because although it is not on your proof I think you have thought about it: you have said the current operation was the decisive factor for you?—A. Yes.

Q. Had you at that stage considered the matter against any specific ‘D’ notice?—A. No, to enquire particularly into a ‘D’ notice had not occurred.

Q. What would your procedure have been, do you think, had the specific operation factor not entered into it?—A. If the specific operation had not been mentioned, I am quite sure that we would then have had further discussion on the ‘D’ notices, and had we done that, and now seeing the notices, I am quite confident that I would still have taken the same decision, that we should not publish.

Q. Did you dine out in Regent’s Park on that evening?—A. I did, yes.

Q. Did you at some time, 10 o’clock or 10.30—do not worry about the exact time—get a telephone call from Mr. Matthewman?—A. Yes, I did.

Q. Telling you what?—A. This was to say that he had a telephone call to him from the Daily Mail office to say that they in turn had heard from Colonel Lohan that the first edition of the Scottish Daily Express was printing the story which we had agreed that day not to publish.
Q. Did you then ring the news desk to say you yourself would go back to your office?—A. That is right, yes.

Q. Before actually getting out of the flat, did you receive a further telephone call?—A. I did. This was literally within a matter of a moment or two, because I had simply gone out and started to put my coat on when the phone rang again. This was a call from Beverley, the night news editor of the Daily Mail, who said he had now had a further call from Colonel Lohan to say there was no need for us to worry, that he, Colonel Lohan, had been in touch with the Daily Express, that they had said it was a mistake that this story was running in their Scottish edition, and Colonel Lohan said that the Express were now pulling out all stops—I remember this phrase being used—pulling out all stops to ensure that it did not go on appearing. I then said to Beverley: “Well, I will still come back to the office in any case”, which I did.

Q. Did you go back to the office, and as soon as you got back to the office were you handed this first edition of the London Daily Express?—A. Yes, I was.

Q. On which the story was appearing on the front page?—A. Yes.

Q. At about the same time did Colonel Lohan come on to you on the telephone?—A. Yes, the telephone rang almost as I was handed this paper, and I was told it was Colonel Lohan, and I then went into my own room to take this call.

Q. I do not think it is important, but I think he expected to get on to Beverley and not to you?—A. I think probably there was some small confusion on the switchboard.

Q. Will you tell the committee what you remember about the course of the conversation?—A. The conversation started almost as it were on an oddly social note, because Colonel Lohan referred to the fact that we had not met, that I had recently taken up the editorship and that he hoped it may not be long before we had a chance to meet. He then went on to say: “I am sorry you have had all this anguish tonight, but it is all right now”. I was very surprised by this, obviously, because I had this copy of the Daily Express in front of me by this time, and I said to him: “I do not know what you mean when you say everything’s all right”, and he said: “Well, the Express have agreed to take it out, they are not printing it”. And I said that I had got the first edition of the Daily Express in front of me, and of course the story was there. I think he said either: “Are you serious?” or “Are you joking?”, but he said something which indicated very great surprise, and I said: “Of course I am not joking, I’ll read it to you”, and I then read him the headlines and I started to read the first line or two of the story, and at this point he said: “My god, this is awful, I’ll have to ring off, I’ve got people that I must tell about this”—and that was it, he had gone.

Q. Meanwhile was Beverley busy putting together the story?—A. Yes, because at the point that I had seen the Daily Express, and realised that at least at that stage they were still printing the story, I did say to Beverley that protectively we should now start to get our story on to paper—this was not to say to publish it, but at least to have the story typed on paper.

Q. And I imagine there were a great many telephone calls going on, but did Beverley tell you Colonel Lohan had telephoned again?—A. Yes, he did.

Q. What did he say?—A. I said that now Colonel Lohan had indicated that the Express were continuing to publish, therefore I felt there was no purpose in our carrying on with the undertaking which we had given earlier in the day, and I think it was at this point that Beverley probably told me that Colonel Lohan had agreed that when our story was prepared he would as it were discuss it with us to make sure that there was still no objection from the security services.
Q. Then did Beverley report yet again his "reading over" conversation with Colonel Lohan later?—A. That is right, he said he had read the story to Colonel Lohan, and that Colonel Lohan had asked for one small passage to be taken out... and that this we had done.

Q. On the following day did you arrange for Mr. Matthewman to insert his bracket in the parliamentary report, in the account of the Prime Minister's statement, so that the Daily Mail's position could be made clear to the readers?—A. This was an explanation which I felt we had to give particularly to readers in the early edition areas, because obviously these readers had of course seen nothing in the Daily Mail, and were now faced with this parliamentary statement.

CROSS-EXAMINED BY SIR PETER RAWLINSON

Q. Mr. Brittenden, you said when you discussed this with Mr. Matthewman on the Monday you said to Mr. Matthewman that the fact that the cables were being vetted was in your view a disturbing state of affairs, and you were not happy about it?—A. Yes.

Q. That was your reaction as an editor, and you had to take that into account and you also had to take into account the other matters that had been reported?—A. That is right.

Q. When you told the committee that it really was the specific operation which had been mentioned which really led to your decision...—A. This was the decisive factor, yes.

Q. Then you were asked a hypothetical question by Mr. Hirst about removing that specific operation, still having regard to the 'D' notices, what your decision would be?—A. Yes.

Q. While I appreciate what you say, you would agree, would you not, that other newspapers, The Times and the Mirror, the Telegraph and the Observer, have all expressed a different view?—A. Yes.

Q. In other words it is a matter which different editors have different views about?—A. It is an editor's interpretation of the decision that he must make.

Sir Peter Rawlinson: And he has got to balance what is obviously a matter of public disturbance against the other matter?

Chairman: I am not quite clear, Sir Peter, what you are putting. It is one thing to say that, when the letter of April, 1956 is read, the story is not covered by the wording of it; it is another thing to say that it may be covered by the wording but there are public reasons which make it desirable to ignore it. I am not quite sure what The Times and the Telegraph and the Observer have contributed on this?

Sir Peter Rawlinson: Are you not? I beg your pardon, my Lord, I thought this would obviously have been put before you.

Chairman: If you are going to address us on it, that is all right, but I am not quite sure which point you are putting to Mr. Brittenden.

Sir Peter Rawlinson: I am really putting the point, my Lord, that the question first of all whether a 'D' notice applied at all was a matter of judgment which the editor had to take. You would agree with that, Mr. Brittenden?—A. Yes.

Q. Secondly, even if the 'D' notice did not apply, leaving out the specific operation, although there were some representations about security, an editor has got to balance which he puts first?—A. Yes, and again as long as this is a voluntary operation, quite clearly one editor might decide one way and one might decide another.

Q. You see, The Times said specifically that the Daily Express disclosure on the face of it was not a disclosure where the public interest clearly counselled secrecy, and the Daily Express reasonably disputed that it fell under the 'D' notices, that was the view of The Times?—A. Yes.
Q. And the Telegraph expressed the view that the relevant ‘D’ notices were not breached?—A. Yes.

Q. Really when it came to your decision, the practical decision you were faced with on Monday afternoon, you had got this categoric view which you had been told about of a specific operation?—A. Indeed. I was put in the position that if I did publish this story I would quite deliberately be interfering with an operation that was then going on, and this would seem to me absolutely wrong.

Mr. Shinwell: As editor of a responsible newspaper if a matter of this kind is brought to your notice, and you have some doubts about the matter, whether related to ‘D’ notices, or perhaps some other question you may have had, why do you come to a decision? Is it because you are concerned as editor of a responsible newspaper for security?—A. Of course; most certainly.

Q. That is where your discretion applies?—Of course. I would think it was very wrong for any newspaper to flout a responsible person’s request which was made in this way and on very specific grounds.

Q. When in addition Colonel Lohan, who is the Secretary of the Press and Broadcasting Committee, makes representations to one of your associates, and eventually to yourself, that confirms your opinion that it is wrong to publish?—A. It does, yes. After all we all know that this system depends on trust. You have to have faith. Colonel Lohan is the man appointed, and Colonel Lohan is the man who came and stated his case. If you cannot apply trust at that time, it seems to me the system falls apart, and there is no system.

Q. Exactly. In this statement reference is made to Colonel Lohan approaching you when you came back to the office. You had dinner and went back to the office.—A. Yes.

Q. At what time did he approach you? You left Regent’s Park at ten o’clock. What time was that?—A. I think the time of ten o’clock may be slightly wrong here, because the time at which I arrived at my office, and I came back straight away, must have been around eleven o’clock, because that was the time at which I arrived in the office, almost at the same time as the Daily Express, that would be about eleven o’clock.

Q. Colonel Lohan expressed regret that you had been suffering anguish because of what had occurred, and you could not understand what he meant, and then he said, “The Express have taken it out”, obviously meaning the story.—A. Yes.

Q. You produced the first London edition.—A. Which I had in front of me on my desk.

Q. Were you not surprised when Colonel Lohan said that to you?—A. I was. This is why I was surprised by the beginning of this conversation. It seemed to me quite extraordinary that he was starting a conversation at this time on a social note when I had this in front of me, but it became clear after a moment or two that he was not aware that that was being printed, or this was the impression that he gave me, that he was not aware that that was being printed, and indeed he went on to say, “Sorry about the anguish, but it is all right now.”

Q. You have no doubt that he was serious, that he was not aware that the Express had published?—A. No, he gave me the impression of a man who was very very surprised indeed that it was in the Express, and this was after I had read only a very small part of it. He used these words, “My God, this is awful, I have got people I must tell” ; and he rang off, and I do not think there was even a formal good-by.

Q. Eventually later on he agreed that if other newspapers had published it there was no point in non-publication by the Daily Mail?—A. Indeed.

RE-EXAMINED BY MR. HIRST

Q. Mr. Brittenden, in relation to Mr. Shinwell’s last question about Colonel Lohan’s surprise, you of course knew that he knew it had come out in the Scottish edition of the Daily Express?—A. Yes.
Q. Was the surprise relating to it occurring in the Express or in the London edition?—A. I am sorry, in the London editions.

Mr. Hirst: I beg Mr. Shinwell's pardon, but I wanted to get that clear.

Mr. Shinwell: Colonel Lohan was aware that it had already been in the Scottish edition?—A. He had first advised us of this. He telephoned.

Q. Did you know that it had been in the Scottish edition?—A. Not until Colonel Lohan telephoned the Daily Mail office, and the Daily Mail office then got in touch with me where I was dining.

Q. While you were out dining?—A. That is right. This must have been some time shortly after ten o'clock.

Q. When you heard that it appeared in the Scottish edition, what was your reaction then, did you want to publish?—A. I said I would come back to the office, and clearly this was in my mind, that this had changed the original situation where we had withheld the story for obvious security reasons, but if the story was now being published this would mean one was faced with a new situation where security was blown.

(The witness withdrew)

Chairman: Have you any more witnesses, Mr. Hirst?

Mr. Hirst: I have Mr. Beverley here. I do not think the Committee will want to hear him. He will only speak, if the Committee wish him to do so, of past conversations with Colonel Lohan and the way he was told about the Scottish Daily Express. I have him here because I thought the Committee might wish to cover it.

Chairman: I do not think there is any real difference as to what went on in this part of the field. I do not think we need him.

Mr. Hirst: That is what I expected your lordship would say, but I had him here in case.

Chairman: I think we should now be saying good-bye to your party, unless you wish to say something?

Mr. Hirst: I do not wish to say anything to your lordship.

Chairman: Thank you all for coming.

(The Daily Mail representatives withdrew)

Sir Peter Rawlinson: I will now call straight away Mr. Chapman Pincher. I have a statement which we can put before you. I also will have three bundles of the press matters which I was going to refer to, and which I will have bundled up and put before you this evening to add to your already voluminous collection.

Chairman: We have quite a lot of press cuttings.

Sir Peter Rawlinson: The ones of course I am interested in are, for instance, the leader in The Times when they give their view of it on 22nd February.

Chairman: See what you can make of them. You may have to call the gentlemen who expressed them. At any rate we will see.

MR. CHAPMAN PINCHER CALLED

EXAMINED BY SIR PETER RAWLINSON

Q. Mr. Chapman Pincher, you are the defence correspondent of the Daily Express?—A. Yes.

Q. For how many years have you been in that position?—A. Twenty.

Q. Was it at about 3 p.m. by appointment on Thursday, February 16th, that you met a Mr. Lawson at your office in the Daily Express?—A. That is correct.

Q. Did he tell you where he had worked?—A. Yes, in two cable offices. He mentioned Commercial Cables and Western Union, and he said he had left them several months—
Q. Did he have a story to tell you, and what was it?—A. Yes. The story he told me was that he said he was very perturbed and was I aware that all the cables from these cable offices were collected every morning by Ministry of Works van and were taken to a department, the Ministry of Defence, which he thought was in the old Admiralty building, and held there for 48 hours, and that made them available for scrutiny.

Q. Did he say what his enquiries had shown about this being routine practice?—A. Yes. He said as far as he was aware, because he had been rather dismayed by it when working at these cable offices, that he had made enquiries and he found it had certainly gone on for two years.

Q. Did he say anything about Post Office cables?—A. He just said—I asked him about the Post Office cables, because I reminded him Cable and Wireless had been nationalised and was part of the Post Office—I said, “Most of the cables would go through the Post Office service, what about that?” and he said, “As far as I am aware it also happens at the Post Office” but he was not sure.

Q. Did you say anything to him about if a person was under suspicion as a spy what the position should be?—A. At first I did not think much of his information, because I thought it was known that if there was a case in practice and anybody was suspected, that this would be normal practice in any country, however democratic, and I said this to him.

Q. Were you at the time yourself aware that this practice went on about collection of telegrams?—A. That was entirely news to me. If it were a routine matter I was interested, because this was news, and if it were a specific operation it would not have concerned me because I would think it is normal practice.

Q. Had you been defence correspondent when the Telephone Tapping Inquiry had been held in 1957?—A. Yes, and several other mentions of it since.

Q. And you have read the report of the Birkett Committee?—A. Yes, I have read everything that has been published, not recently, but I have read it all in the course of my work.

Q. What did you say to Mr. Lawson?—A. I told him I was quite interested in his story. He then volunteered the information that he had been to the Daily Mail. I said, “Why have you come to me?” and he said, “Well, they have made a bit of a mess of it.” He said, “They have gone round against my advice photographing lorries loading these bags from Commercial Cables”. I did not think it was a very good idea, and he said, “Neither did I, and I am fed up with them, and that is why I have come to you, and they have done what I have asked them to do and that would make difficulties”.

Q. Did he talk about a London University magazine?—A. Yes. He said he was a student at the university and could only be contacted through the university, and he said the magazine called the Sennet was interested in the story, and he was acting as a freelance for them, and they might be doing something on it, particularly about photographing the vans.

Q. A week after this did in fact the Sennet produce this?—A. Yes.

Chairman: We have seen copies.

Sir Peter Rawlinson: Did you ask Mr. Lawson about his personal position?—A. Yes, I did, because it struck me as possible if you worked in a cable office you might be under the Official Secrets Acts, even in an ordinary cable office, and he said he had never ever signed any statement other than a statement that he would not reveal the specific contents of cables.

Q. And did he tell you anything about his motives?—A. I asked him what his purpose was. I rather suspected that he was after money, but in fact he was not, and he has never asked for money. I gather that he seemed a chap with a bit of a chip on his shoulder, but the main thing that had touched him off was that he had seen something on television. This fellow was masked, you could not see his face, and he was involved in a situation in which letters to and from a certain organisation were collected by the Post Office, and he was the collector.
Q. A commercial organisation?—A. It was a private organisation, not a Go-

erernment organisation, a private organisation of some kind, and these letters—I do

not know the details—these letters were being collected for vetting by the Post

Office security authorities. This had come out, and it was news, and he came
to me and said, “My God, if this is news what about this much bigger intrusion

into privacy of all the cables being available for scrutiny?”

Q. Did he mention anything about commerce?—A. Yes. He did volunteer the

idea that he thought it was very bad that the cables sent out particularly by

private firms to overseas businesses might be given publicity, and I think he

specifically mentioned the Board of Trade as a possibility. He had no evidence

that it did happen, but as they were available this could happen.

Q. How long was he with you for?—A. I suppose about half to three quarters

of an hour.

Q. Did you then ring Wing Commander Harris whom we saw this afternoon?

—A. Yes. As soon as he left the office I decided I would make a check to

see whether it was true, because we had to have verification of it. I rang Wing

Commander Harris and asked him whether it was true that cables were taken
to the Ministry of Defence.

Q. Did he give you the answer that we have heard about this afternoon?—A.

Yes, I agree entirely with his evidence.

Q. Then did you ring Mr. O’Brien?—A. Yes, I rang Mr. O’Brien, an old friend

of mine, and I said, “I had a chap in here with this story.” I told him it

was about cables and vetting cables. I said, “If it is true the G.P.O. must be

involved because they are the biggest handlers of cables. I do not want to

waste any time on it. If it is not true can you give me any guidance—you

cannot say it on the record—but guidance to save me wasting my time?” He

rang back after taking advice and said, “You would not be wasting your time.

There is substance in the story.” He then rang me back later on of his own

volition, when I did not expect any call. He said, “Look, I should tell you I have

spoken to somebody else. They do not all go” to whatever department it was,

from the Post Office to another department, and he did not mention the name

of the department, “only some go”. I then tried to get him to develop it, to
tell me if they were first of all looked at in the Post Office security and then went

on somewhere else, but he was not drawn on that any further.

Q. You had seen Mr. Lawson, you had spoken to Wing Commander Harris,

spoken to Mr. O’Brien. Did you then next telephone Colonel Lohan?—A. Yes,

I considered that O’Brien’s statement was considerable confirmation of the story,

and I was prepared to go on with it, and then I telephoned Colonel Lohan.

Q. Just tell us about Colonel Lohan. How long have you known him?—A. I

have known Colonel Lohan for about 15 years.

Q. He described you as I think a personal friend?—A. Yes, our wives are friends

and we go to each others’ homes.

Q. And he described you as getting on to him many times I think in the course

of perhaps a month?—A. I should think on some matter concerning a matter

that we either worked on or wanted to print. Many of them fall down and never

come to anything. Two or three times a week.

Q. You telephoned him. What time approximately, and what did you say?—

A. I think about a quarter to five, and I said, “Look, I have got hold of some

information that cables are being collected from cable offices and sent round in

bags to some security department or other, I think the Ministry of Defence, and

are available for vetting. I have had some confirmation of it. If this is true

would it be covered by any existing ‘D’ notice?”

Q. What was the reply?—A. He told me categorically that no ‘D’ notice could

interfere with the publication of such a story.

Q. He said yesterday—you were present when he gave evidence—that the story

you told him on the telephone, according to his recollection, was a story of the

cables and telegrams from the Post Office?—A. No, I think he said telegrams, but

in fact the information that I had really discussed with Wing Commander Harris
was exactly the same information I discussed with Colonel Lohan, because the conversation was within a very short period of time, one after the other, and the only information I had apart from Mr. O'Brien was that it was cables from cable offices.

Q. He gave you that answer. Was there anything more in the story that was actually published in the newspaper than what you had told Lohan on Thursday when he said there were no 'D' notices?—A. No. I made further enquiries, but the only additional information I got was confirmation, and the story, if you read it on the front page of the Daily Express, the one complained about, has in fact really only one fact in it. That is that these cables are collected. The other fact is that they were supposedly held for 48 hours and were available for scrutiny. That was given to Colonel Lohan on Thursday night on which he gave me his answer.

Chairman: Before we leave this particular enquiry of yours, I think Colonel Lohan said that your wording started with the General Post Office—you say that is not right—and ended with the Ministry of Defence in the sense that they were the collecting and scrutinising agent.—A. Yes.

Q. Did you actually put it that way to him?—A. I told him exactly what had happened. A man had come to my office and said that these cables were collected from cable offices and sent to what he believed was a branch of the Ministry of Defence, and I even discussed it with him when he said it is the old Admiralty building. I said “I think it is not now because there has been reorganisation, it used to be a communications place.” I rather think that he agreed, but I would not be certain.

Sir Peter Rawlinson: Then what was the position on that evening of the 16th? You have told the Committee that you did not get any further information. What did you think? Was there any ban or bar on you publishing that information that you had received?—A. No. The drill which we always follow—and every newspaper as far as I know follows this and has been doing ever since the ‘D’ notice system has been going—is we are not the arbiters as to whether it applies or not, but we ring up the Secretary—it used to be Admiral Thomson and is now Colonel Lohan—and he gives his decision, and if he gives a decision that is it. If he has made the wrong decision that is his affair, but there is no further person one can go to or needs to go to. So that particular night if I had gone into the news editor or even the editor and said “I had this story. I do not think we are going to get any more. We can run this and Colonel Lohan has cleared it by saying no ’D’ notices.” We could have run it that night.

Q. Did you think at that time in view of your experience of ‘D’ notices that any ‘D’ notice did apply?—A. No, I did not. One ‘D’ notice did refer to this matter, but it was my view from our previous experience that they did not apply so I was not surprised when he said that they did not.

Chairman: It is not quite as straightforward as that, when the Secretary of the Press and Broadcasting Committee expresses the view that something is within a ‘D’ notice. Argument then can take place on occasions.—A. Yes, but if he says it is not then we feel free to publish.

Q. I understand your approach, but he is not a complete arbiter in the sense that he rules that this is within a ‘D’ notice and you say “Very well, we do not publish.”—A. I quite agree. I am sorry if I gave the wrong impression. When he gives a negative answer we always have felt free to publish, and the reason for this is the time factor. If we wanted to publish that night, there was quite possibly some reason why we should, because this man had told me the Mail now had this story, we should have felt quite free to do so without making any further checks vis-a-vis security. Perhaps I did not finish answering your questions about ‘D’ notices, which I think is important as it has been raised. The 1956 ‘D’ notice refers to secret methods. On the fact of it one might think, as this is done in secrecy, vetting cables, it counts as a secret method, but I have had many discussions with Admiral Thomson and Colonel Lohan, and it has always been agreed that telephone tapping or the opening of letters even though it is done in secrecy does not count as a secret method. Admiral Thomson told me on many
occasions when I discussed the question of whether we can talk about telephone tapping in the newspapers, he said that secret methods in the ‘D’ notice refer really to methods which are still secret, such as in those days electronic devices which were not talked about and which are now, and Colonel Lohan pointed out to me in one of our conversations that as far as the examination of cables is concerned it cannot be regarded as a secret method because it is described in full in the Official Secrets Act of 1920 where they point out the power exists for doing this.

Q. I think I will not interrupt with one or two questions I have on that, but I will ask you at the end.—A. Surely.

Sir Peter Rawlinson: You did not write it on 16th February.—A. No.

Q. And that was because you were involved in the Defence White Paper?—A. I was covering the Defence White Paper on that day.

Q. I think this is common ground. The telephone conversation on the Friday, the next day, 17th February. Colonel Lohan said there was not one. Was anything said between you and Colonel Lohan on the next day, Friday?—A. Colonel Lohan is quite mistaken about this. What happened was that I was in the office after lunch on the Friday, which was the following day, and as far as I was concerned we were still free to print the story if we wished to do so. I rang him at his office, purely to gossip about what he thought about the White Paper, just to get his views on it as a chap who knew about these things, and I was not going to write anything. His secretary reminded me she had told me on the telephone that he was not available because he was going to be working at home in the country on a job, and she said, "You will be able to get him at 4.30." I said, "It is only gossip, don't bother". He rang me. I said, "I was trying to get you earlier", and he said, "I am trying to get you now", and he then told me he would have to ask me in spite of what he said on Thursday not to print that story.

Q. What did you say when he said "I have to ask you not to print the story"?—A. I asked him why, and he then said—and this is absolutely clear in my mind—he said, "It would cause a diplomatic furore." I said, "Why is that?". He said, "All the foreign embassies would immediately think that their cables were being examined, and there would be a hell of a row, and we cannot have this." I said, "This sounds feeble", and he said, "It is not, and if necessary I will get the Foreign Secretary to explain it to you", and he mentioned Mr. George Brown by name.

Q. What did he say then?—A. He then said that this was the matter, that the diplomatic situation was a real one, that he was concerned about it, and then finally after we had been arguing about this diplomatic thing he said, "Look, this is a security business, and I must ask you not to print.", I said, "I have no intention of writing anything today", and he said, "I am prepared to come up and see you on Sunday, but it would be better to leave it until Monday" and I agreed because there seemed to be no urgency. He also told me he was quite sure, because I asked him, that the Mail would be leaving it until Monday. We arranged that I would come to his office, and he then said that he would have a security official there who if necessary would go over the matter with me.

Q. On Saturday did you in fact dine with Mr. Eban, the Israeli Foreign Minister?—A. Yes, and as a gambit of conversation then without giving the reasons I asked him if he would be concerned if he heard that cables from his embassy to his office in Tel Aviv were being examined. He laughed and said, "If we sent them and they were not in code, we would expect them to be examined. This is normal practice, we do it, and this is one reason they are in code and we are allowed to do so". So that made me realise right away that my suspicions about Colonel Lohan's reason for withholding the story were justified—that the diplomatic furore was something he had invented to get us over the week-end.

Mr. Shinwell: I think you said something like this, that Colonel Lohan was promising that he would meet you on Monday and that he was going to bring
someone from . . . — A. I was going to meet him in his office, and he would have—I do not know whether he used the words security official—but he made it quite clear that there would be some official who would be there when I got to his office on Monday to explain matters in greater detail to me, and I was to ring him up on Monday morning and arrange a time to come to his office, which is quite near Fleet Street.

Q. You did not see any security official? — A. No, a little later on I will explain what happened, but he never materialised.

Chairman: I think perhaps that is a convenient point for us to adjourn.

(The proceedings were adjourned until Wednesday, 15th March, 1967.)

MINUTES OF A MEETING OF THE COMMITTEE HELD IN THE CABINET OFFICE ON WEDNESDAY, 15TH MARCH, 1967, AT 2.15 P.M.

Present:
Lord Radcliffe (Chairman)
Mr. E. Shinwell
Mr. Selwyn Lloyd
Mr. D. J. Trevelyan (Secretary)

The following gave evidence:—

At 2.15 p.m. Mr. Chapman Pincher Defence Correspondent Daily Express
3.30 p.m. Mr. Derek Marks Editor

The following attended:—
Sir Peter Rawlinson, Q.C. representing Beaverbrook Newspapers Ltd.,
Mr. Brian Neill the senior executives of the Daily Express
Mr. A. Martin and Mr. Chapman Pincher
Mr. A. Edwards
Colonel L. G. Lohan
Mr. W. L. Greig
Mr. Peter Johnson

EVIDENCE OF MR. CHAPMAN PINCHER resumed
EXAMINATION BY SIR PETER RAWLINSON continued

Q. We had reached page 6. We had spoken about the Friday conversation and I was just coming to the Sunday. You five at Ewhurst, do you not? — A. Yes.

Q. Did you spend the weekend there that weekend? — A. Yes I did.

Q. On the Saturday evening you were dining with Mr. Eban? — A. Yes.

Q. Did you hear that weekend at all from Colonel Lohan? — A. He rang me briefly at my home on Sunday in the evening. His purpose was to seek the telephone number of Mr. Lawson. He did not then know Mr. Lawson's name, but he knew there was this chap hawking this story around Fleet Street. I told him Lawson had no telephone number, which was true. You could only get him through the London University Union and only in the daytime. But I had a message that Lawson was wanting to ring me, so I had given permission for him to be given my telephone number, and I told Colonel Lohan if he rang I would let him know Colonel Lohan's home number at Charing so he could ring him if he wished.

Q. Did you gather anything from the conversation? — A. I gathered from the conversation, which went on a little while—it was not a long one—that he had been alerted to the very strong Government interest, following my telephone call to the Ministry or perhaps the Post Office, in the story and having it suppressed. In my statement later on this was confirmed by our further conversations in which Colonel Lohan said he had been under very considerable pressure.

Q. Later that evening did Lawson ring you at your home? — A. Yes. I would like to comment here that Colonel Lohan's evidence said we fixed the lunch date
in that Sunday conversation. That is not correct. I had fixed previously on the
Friday that I would come to his office. I could not fix a lunch date because I
had not got my diary with me. Colonel Lohan said he would have at his office
on Monday morning some official who if necessary would go into the matter and
explain things more deeply.

Chairman: Well, you fixed on the Monday then?—A. Yes, but not at that
point.

Sir Peter Rawlinson: Not for lunch, but you would meet?—A. Yes, I would
go to his office.

Q. And then did Lawson telephone you?—A. Yes, and I gave him the Colonel's
home number. He just wanted to know what was happening about the story.
I told him that Colonel Lohan wanted to speak to him urgently, and if he wished
to speak to Colonel Lohan this was the number to ring at Charing.

Q. On Monday did you ring Colonel Lohan to fix the appointment?—A. I
rang him at about eleven o'clock, and he asked me if I could defer the meeting
until the afternoon as he was busy. I could not do this, as I had an appointment
at three o'clock. So I suggested why did we not lunch together, which would
give us a couple of hours to go over the thing.

Q. Did you meet at about one o'clock at the Ecu de France?—A. Yes. I
was at the table, and he came in a few minutes afterwards. The first thing he
did was to apologise for not bringing a security official. I said I did not expect
a security official and had only booked a table for two, and that was the last I
heard of the security official. We then sat down and he said words to the
effect—"My God, I have been under terrific pressure this last forty-eight
hours", and I said, "You need a drink", and we ordered drinks and
immediately began to discuss the question of the cable vetting story.

Q. What did Colonel Lohan do or say?—A. The first thing I remember him
doing was he produced these two 'D' notices from his inside breast pocket.
One was the 'D' notice dated 27th April, 1956, and the other was the one dated
30th October, 1961.

Q. Did he say anything?—A. Yes, there was a certain amount of conversation
about 'D' notices. The general gist of the conversation as I remember it was that
his purpose in bringing the 'D' notices was not to try and tell me that his
original ruling which he had given me on the Thursday that 'D' notices did
not apply had been wrong. At no time in our conversation then or subsequently
did he say his original ruling had been wrong, that he was mistaken and that
'D' notices did apply after all. The gist of the conversation as I remember
it was rather Yes, these 'D' notices did show that in fact his ruling on Thursday
had been right, but although he thought that his ruling was still correct, pressure
was being put on him by the authorities to change his mind, but he was not going
to do that with me, an old and trusted friend. He thought they were extremely
difficult and was not going to use them. As regards the first 'D' notice he said
"This could not possibly apply" and as regards the second one he said "This
has a marginal application, but it is marginal and I am not going to pursue it".
And he then put the 'D' notices back into his pocket—he said on the table,
but I think in his pocket.

Q. He referred to them by date did he?—A. Yes. I recognised them; they
are the two I am most familiar with, I come up against them in my work, there
are not many 'D' notices extant.

Q. We will look at the 1956 letter and its appendix.—A. Yes, I have a copy
here.

Q. You say you are acquainted with this because it comes out a lot in your
work?—A. It has done over the years many many times.

Q. Have you got the April, 1956, notice and the appendix?—A. Yes.

Q. Also the letter of 1957 and the 1961 before you?—A. Yes.

Q. I am dealing with the 1956 one. Quite apart from what Colonel Lohan
said to you—and you have told us what he actually said—what do you say
about that 1956 ‘D’ notice which you said you knew about?—A. What I am bound to say is not just my interpretation of this ‘D’ notice. It is based on the interpretations given to me by Colonel Lohan’s predecessor, who was the secretary at the time this notice came out, and since by Colonel Lohan. So it is not just my interpretation of this, it is the interpretation based on these things. And the important paragraph, as I saw it, in this one is paragraph (i) there, where it says:

“Will you please in the national interest make no reference to the following:

(i) Secret intelligence or counter intelligence methods and activities in or outside the United Kingdom.”

As I touched on yesterday, this does not refer to activities just because they are carried out in secret—the methods themselves have got to be secret. A simple obvious thing like tapping a telephone or opening a letter could not in this context be counted as a secret method. And in the past I have had stories where I have got hold of information about secret devices, long before these became known, that could be used or were being used and we had been asked to suppress them because this was a secret matter. This paragraph (i) has got to be read to appreciate my attitude to it in the context of the appendix over the page.

Q. “Note to (i)”?—A. Yes, where it says this—and this I think has been put in at some time on advice, so that we do not have what we dislike most of all, a blanket ‘D’ notice. It says:

“Certain methods employed in Intelligence work are to some extent a matter of common knowledge and it is thus understandable that editors would not normally regard them as secret methods.”

The first point I would make is that I regard the examination of cables on occasions as one of those methods which one would not normally regard as a secret method; it is an obvious method which would be mentioned in novels, like telephone tapping or the opening of letters.

Q. Were you aware of the Official Secrets Act, section 4?—A. Yes. And then it goes on:

“Published reference, however, to what may seem to be obvious methods of counter espionage work, when related to particular cases or persons, create an awareness and vigilance in the minds of agents which may well enable them to circumvent the precautions taken to deal with them.”

Well of course that I have always understood. And there have been experiences in the past where we have been asked to keep things out because there was a specific operation in progress directed at particular persons or cases, and we have always done so. But this particular story I had previously raised with Colonel Lohan and which we were discussing at the lunch did not refer to particular cases or persons. It referred to the regular daily routine checking of cables. And I specifically asked Colonel Lohan during the lunch—and I rather think he has confirmed this in his evidence—whether there was a particular operation involved and the answer was—whether I asked him or he volunteered I cannot remember—but there was not a particular operation in progress at that time. Therefore I assumed that the ‘D’ notices did not apply in this particular instance, and I also assumed that the rapidity with which these were set aside meant that he was of the same opinion.

Q. If it had been all the cables from a particular organisation that were being vetted, a particular named organisation, would you have considered that to have been under the ‘D’ notice or not?—A. Indeed, because that would have been a particular operation. I would have counted that as a particular operation. An operation need not be directed at one person, but at a subversive agency.

Q. Very well. Then was there any conversation with him at this stage about your story and it being said this vetting was a routine business?—A. Yes. The impression I got from the conversation with Colonel Lohan throughout the lunch was that he was in no way denying the accuracy of the story, that it was a routine thing that was going on, and after we had got rid of the ‘D’ notices,
they had been put away, he went on to explain in support of his request that we should not publish the sort of thing that was going on. This as I understood it was absolutely in confidence, and it was in order to convince me that we were not to print the thing. It was to give strength to his request that we should not use it in the paper. This was to the effect that provided you have access to all the cables skilled operators can seek out a pattern of activity and from that pattern of activity, they may be put on to subversive activities. It was quite obvious to me what he meant. And presumably he must have said the same to the Daily Mail, because it appeared in the Daily Mail on the morning they followed up the story. I considered it had been given in confidence, and we did not use it. And this confirmed my view, which had I think been held by Mr. O'Brien of the Post Office, that this was a routine regular business. And I remember saying "No doubt you do find some very interesting information, but I think it is going rather far in a free society." It was on that sort of topic that I got vehement, not on the ‘D’ notices.

Q. Just to finish ‘D’ notices, what is your recollection of the 1961 one?

Chairman: There is one in between, the telephone tapping letter.

Sir Peter Rawlinson: Did he have that with him?—A. No.

Chairman: You did not discuss it?—A. We discussed telephone tapping, sir, but not in the context of that particular letter, only in the context of how telephone tapping was a similar operation in my view to looking at cables—in fact I would have thought that telephone tapping was a much more sensitive affair than looking at cables, because it involved secret methods.

Q. It is enough for the moment to say the question of telephone tapping arose between you, as a parallel?—A. Yes.

Q. And that in fact had been dealt with to some extent by a ‘D’ notice subsequent to 1956?—A. Yes, and I was aware of the existence of that; it was not with us. But it does not matter, we did not discuss it, the actual letter.

Sir Peter Rawlinson: And on the ‘D’ notice of 1961 you say he had that with him?—A. Yes, he had the 1961 with him. As I understood it he dismissed that as marginal. He said this could apply, but was marginal—there was a colloquial expression, which does not matter—it meant we can get rid of it. Because the same thing applies there in paragraph 2, which is only one of the matters in this context—it talks about the various methods used in the interception of foreign communications for secret intelligence purposes, and says that in this connection the Committee request that you will not refer to the fact that on occasions it is necessary in the interest of defence for the Services to intercept such communications. But this was not a matter of cables being intercepted on occasions, which would have meant specific operations directed against somebody, and I thought he meant that this was not applicable in this case.

Q. You told us he may have used a colloquial expression and put the ‘D’ notices back in his pocket; that is your recollection?—A. That is my recollection.

Q. Then on page 9 of your statement, you briefly reminded Colonel Lohan that a similar ‘D’ notice situation had arisen in the past with respect to telephone tapping?—A. That similar difficulties had arisen, a similar ‘D’ notice situation had arisen with telephone tapping. The situation there is—and I think I was the instigator of this—that Admiral Thomson—it goes back a long way—that at one stage the security authorities requested the Admiral to approach me, and no doubt other papers too, to say that on no account would we mention the suggestion that security people or any Government agent tapped telephones, even in the most general sense. It arose about a series of articles I was doing on security. It was at the time of the Fuchs case. His point, which was quite a good one, was that whenever you mention telephone tapping there are always some chaps you are trying to keep tabs on, and the moment you mention telephone tapping it alerts them and they stop making telephone calls. I did not think this was a very strong argument myself, but there was a point in it. Eventually he agreed it was quite ridiculous not to mention in a general sense of espionage and counter-espionage that telephones were sometimes tapped,
because this was in foreign papers and in novels. And it was as a result of several efforts on my part to get it made clear that telephone tapping was all right to talk about that this other ‘D’ notice was produced.

Q. If you look at the letter of 31st October, 1957, that is a letter which says:

“Reference the Privy Council’s report of ‘telephone tapping’, I am asked by the Services Press and Broadcasting Committee to invite your attention to ‘D’ notice of 27th April, 1956 which requests you not to mention the identities, methods or activities of our secret agents and counter agents”.

And in the second paragraph it says:

“In view of the Privy Council’s report, you can no longer be asked to maintain secrecy on the use of ‘telephone tapping’ as one of the methods employed by the security service”.

In the report, page 29, paragraph 133 it refers to the opening or reading of letters or the interception of letters, whether by reading or opening, and it says this is regarded with general disfavour. In one paragraph it puts letters, telegrams and telephone calls all together in referring to matters of interception.—A. If I may say so there, in my recollection I cannot remember talking to the Admiral or Colonel Lohan about cables before, but I have spoken to both about the opening of letters, and I have always understood that telephone tapping was a much more sensitive business so far as security people were concerned than the opening of letters, because everybody knows letters can easily be opened, but telephone tapping seems a gross intrusion because it is getting into your home, whereas opening letters outside and away is something not quite as bad as telephone tapping. That is why I think this specific thing about telephone tapping was put out and letters were not mentioned.

Q. The discussion then turned to telephone tapping?—A. Yes.

Q. What happened after you had discussed this—page 9 of your statement? Did he make a request to you to do something?—A. Yes. First of all, I gathered from the conversation he had made it quite clear to the people putting pressure on him it was no good pushing these ‘D’ notices as a means of suppressing the story, because they were not really very watertight. He then said he would nevertheless have to ask me in his capacity as secretary of the ‘D’ Notice Committee—to make a formal request that we should not publish the story in spite of that.

Q. I think you have told us about the illustration given.—A. Yes.

Q. He said on two or three occasions you got very heated in expressing your point of view about this intrusion.—A. Yes. I think what he said was I got heated in arguments about the ‘D’ notices. That is not correct.

Q. He said on one or two different occasions.—A. I think it would be fair to say I was vehement about the question of what I considered was a general intrusion into the privacy of people in respect of routine availability of cables to the security authorities every day. And on one particular point, which I think he mentioned, I said “This implies that all the Service messages which the Daily Express, for example, sends to its bureaux all over the world if necessary are made available for scrutiny, and this could be damaging to us on occasions if we were sending things to our New York office suggesting they look into something that the security people might not want us to look into, but nevertheless we want to do it in the matter of public interest “. I said that this could be damaging. I think he rather agreed with me, but said “Nevertheless I am asking you with all the force that I can to ask the editor not to print the story.

Q. Can you put your view to the committee, Mr. Chapman Pincher? Did you ignore the safety of the State or the security of the State wholly when looking at it only from the newspaper’s interests, or not?—A. No. Of course my attitude was entirely modified by the fact that the decision did not rest with me anyway, that I was not going to be the person who would have to say “This will be printed” or “This will not be printed”, and I was giving Colonel Lohan my own opinions about it, and they would not colour the story in any way because it
was not a feature story, we could only state the facts. It was up to the editor. And if he asked my advice I would say "In this instance, since it was a routine thing going on every day, there was a strong case for publication."

Q. Was your attitude "To the devil with the security of the State. This is something for the interests of the newspaper", or were you balancing the public interest of knowledge that this happens against security?—A. I think Colonel Lohan will confirm that I was balancing it, because we had quite a considerable discussion. I said that I appreciated they would get some interesting information, but that it was at rather a high price. But in that context I might say—and I think again Colonel Lohan will confirm this—that there have been numerous instances in the past where in my opinion we have spiked far better stories than this one in the public interest because the balance came down the other way. And there have been cases which I have not even bothered to tell the editor about because of this.

*Chairman:* Mr. Pincher, do you mean stories in the past that were within existing 'D' notices, or stories on general grounds?—A. Stories which had been agreed in discussion with Colonel Lohan's predecessor, and I think with the Colonel himself, could not be stopped under 'D' notice.

Q. Not within 'D' notice?—A. Yes.

Q. When you have advised your editor not to print the story, or have not even submitted the story to your editor?—A. On many occasions the thing has not got to the editor even. There was a specific point. I think I should mention this to you to explain why Colonel Lohan took this attitude with me about not bothering with the 'D' notices. And that as in the past it has always been possible to do this—in other words, tell me about it and for me if necessary even to suppress the story without going any further. But in this case there was a great difficulty because the *Mail* was already involved and this fellow was also talking of going to agencies. So I could not, as it were, do a deal with Colonel Lohan on the old pals act and say "All right, we will forget it". If this had been something I had found out myself and I had believed it was wrong, nothing need have been heard about it. But the *Mail* had it, they had it before we did. And although Colonel Lohan told me before he went to the *Mail* he was certain the *Mail* was in the bag, I could not be sure of that.

Q. So it was not unusual for you in the past to receive either from Admiral Thomson or Colonel Lohan an appeal on the lines "With regard to this story, we do not think it is covered by 'D' notice but in the public interest or national security, or whatever the phrase is, will you not use it?"—A. I can think of many instances, and I cannot think of any instance where it has been used, at the time. There have been occasions where we have agreed on a compromise situation where we held it out very often for months. I could give the committee examples of this if they would like to have them.

*Mr. Shinwell:* Could you give an example of a case where you refrained from taking action of reporting to the editor?—A. The one that immediately comes to mind is this: I had some information just shortly before Frank iBossard, the spy in the Ministry of Aviation was arrested. I did not know that it was Bossard but I knew there was a spy active in the Ministry of Aviation. I wanted to use that information in something I was writing and I approached Colonel Lohan and he said, "On no account". He did not give me the reasons why, he did not need to; he said "Not now, chum". I did not even tell the editor.

*Chairman:* Would that not have been covered by a 'D' notice, counterespionage?—A. I think probably the way I wanted to write it it would not have been. One of the things about the 'D' Notice Committee which is very important is that very often we get information and we go to the secretary of the committee and he says "You cannot say that"—that is when one has given him a story to vet—"But if you say it this way you will avoid the 'D' notice implication". And I think we could have done this in this case. But they wanted nothing at that stage. It might of course—I do not know—when it was explained to me it was enough—have put the spy on guard.
Sir Peter Rawlinson: You set these things out on pages 15 and 16?—A. Yes.

Chairman: And they would be cases where it was common ground that ‘D’ notices did not extend to them but nevertheless you threw them away?—A. Yes. I would like to mention one which has since been published in the memoirs of Arthur Christiansen of the *Express*—page 16. This I considered to be a much better newspaper story than the one we are talking about. This was a situation in which trainee British secret agents kidnapped the wrong man. Instead of another trainee they kidnapped a clerk. And the whole details of that story are so hilarious that it would have made a fantastic tale. It was admitted by Admiral Thomson that under the ‘D’ notice on training methods this thing could hardly be said to be a secret training method, it was just like a military exercise. But nevertheless he asked me under the old pals act to ask the editor not to print the story. And with great difficulty this was achieved. That is another example where it was agreed by the secretary of the ‘D’ notice Committee that ‘D’ notice did not really cover it.

Q. It was a ‘D’ notice subject?—A. There is hardly anything, sir, that could not be said to be a ‘D’ notice subject, because of the blanket nature of these.

Mr. Shinwell: What was the date of that?—A. It was in the ’fifties. As a wild guess I would say 1955. But I could find out and let you know.

Q. Apart from the incident you have mentioned, the Bossard case, are there any similar cases in the last two-and-a-half or three years?—A. I cannot think of any at the moment, but I could go through my cuttings book and submit these to the committee.

Q. In the time of Admiral Thomson you had several cases you did not proceed with?—A. Yes. There have also been some with Colonel Lohan. I can give you a very good example, if I may—I have just recalled it. This is a recent one, and is public knowledge. A few months ago the Director of the Security Services retired and a new Director was appointed. It has always been understood that the identity of the Director of the Security Services will not be revealed, and this is part of one of the ‘D’ notices here, the same one, 1956, about identity of persons actively engaged in their duties. And when he retired I did a short piece, with the agreement of Colonel Lohan, to say that he had retired, but of course did not mention his name. A photographer thought it would be a splendid idea to get a picture of the back of him on the day of his retirement walking down the street into oblivion, this great man, but he would not show his face, or anything like that. I thought this was reasonable. He was not actively engaged any longer, and it would not reveal his identity, or I did not think so. I suggested this, and Colonel Lohan said he did not like it, that it would be feasible for a fellow to be identified from behind. I told the editor this, and the editor scotched the whole thing and the project was abandoned. This is very recent. I think it was only last October that he retired.

Mr. Shinwell: Thank you.

Sir Peter Rawlinson: Now we have come to the end of the lunch—page 11. What was your view? You had had the lunch. You had had the telephone calls on the Sunday and the Friday, and the telephone conversation on the Thursday, and Colonel Lohan had told you he was under pressure?—A. Yes.

Q. What was in your mind as you left that lunch with regard to his request and what you were going to do about it?—A. It was very straightforward. I was absolutely convinced that the original ruling that ‘D’ notices did not apply on the Thursday had been fully justified by a brief examination of such ‘D’ notices as might have applied. He had made the strongest possible request to me to ask the editor not to print it as a personal request from him on behalf of the Government. He knew I would put that request forward because we were very old friends and I was duty bound to do so. Incidentally, if he had told me “Look, I was mistaken on Thursday, the ‘D’ notice does apply, and I want you to tell the editor” I should have done so. But I left satisfied that the ‘D’ notice did not apply. It was a matter of requesting the editor not to print it, of getting him to agree to that. But I said if I were the editor I would not. And I think I said “If you were the editor you would not either”.

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Q. You mean you would not agree?—A. I would not grant the request. I would consider it further but I would probably print it. However, there was no reason at that point why Colonel Lohan should be downcast about the thing. Always in the past the editor acceded to his request and on occasion overruled me, as with the picture of the Director of the Security Services. So there was no reason at that stage that I would put the request forward properly. What Colonel Lohan could have done when he came to the restaurant would have been to say "I am not going to discuss it with you. I am going to see the editor." But on the basis of our previous experience he was really on a better wicket with me, I think, and I would have done the same. It was better for him to get me on his side and for me to go to the editor and say this. Well, his argument did not convince me. Nevertheless I went to the editor and eventually put forward the request.

Q. You then left the restaurant and returned to the office. Did you write the story when you got back in the course of the afternoon?—A. Yes, I had to do that. You cannot go in to the editor, who is a very busy man, just with an idea.

Q. You took it in to him at what time?—I should think it was about a quarter to six.

Q. When was the first time that the editor knew anything at all about the story about cable vetting?—A. At that moment.

Q. At that time?—A. At a quarter to six on the Monday. Until that time the editor knew nothing about the story, nothing about Lawson, nothing about Colonel Lohan being involved with me.

Q. Did you see Sir Max Aitken and say anything whatsoever to him about the cable vetting story?—A. No. There were only two people in the office who knew about it, myself and the news editor, to whom I mentioned it casually on the Friday. The reason is very simple. There is no point in going to the editor with a story which might not survive. And I had spoken to Colonel Lohan quite definitely on the Friday and he had told me this was a security business. I told the news editor "I am working on a story which may come to nothing because of security. There is no point in involving Mr. Marks at the moment," and he agreed. I said "I will discuss it with you again on Monday." So we were the only two people who knew, apart from my secretary. I had not seen Sir Max for many weeks, and I do not think the news editor had.

Q. You took it in to him?—A. Yes.

Q. And did you pass on Colonel Lohan's request?—A. Yes. I gave him the story. I said "You need not worry about 'D' notices, they are not involved, but Colonel Lohan has made the strongest request..."—and I used these words because the Colonel asked me to use them—"that I should use all my powers of persuasion in asking you not to print it". I also told him what Colonel Lohan had told me, that he had been under great pressure from the Government on this during the last forty-eight hours, and it was a Government matter.

Q. Did you say that to the editor?—A. Oh yes, indeed.

Q. I think we can take this next part quite quickly. Were these called in, Mr. Raybould, the deputy editor, Mr. Peter Johnson, the news editor, and Mr. Andrew Edwards, the legal manager?—A. Yes.

Q. And in their presence did he ask you again about 'D' notices?—A. Yes.

Q. What did you say?—A. First of all I told him that Colonel Lohan had ruled that 'D' notices did not apply on the previous Thursday, and he had agreed over the lunch they did not really apply in this case and he was not pushing them at all.

Q. Did you say anything about having a row after that?—A. Yes, I said "Of course there will be a row tomorrow". And by that I meant that whenever Colonel Lohan, or the secretary, loses a battle the department do not like it and he has to explain to them why he has lost the battle. Usually he wins.
But they do not like it when they lose the battle. Colonel Lohan mentioned an incident, which he said I would not recollect but I did, . . .

Q. I think there was some talk about the Official Secrets Act, section 4, and the editor asked about that?—A. Yes.

Q. Did you tell him about Lawson not signing the Official Secrets form?—A. I think I mentioned Lawson when I first went in with the story, but once we had confirmed his information we wanted no more to do with Lawson.

Q. But did you speak about the form?—A. Yes.

Q. Was section 4 of the Official Secrets Act looked at and referred to?—A. Yes, Mr. Edwards had the document in his hand. Mr. Edwards and I went in together.

Q. Did the editor say that section 4 powers should be referred to in the story?—A. Yes, he said we had better get a mention of section 4 and I went back and inserted another paragraph in the story.

Q. After this, about 6.30, did you have a conversation with Colonel Lohan?—A. Yes, I telephoned him at his office to tell him I had written the story and I had taken it in to the editor and I had told the editor of his request, including the bit about all powers of persuasion. And I told him if we did decide to print the story that night I would inform him. There is a reason which I should explain to the committee as to why I just could not say to Colonel Lohan the moment I thought the editor was going to print it “Look, I think he is going to print”, because I knew in spite of what he said about the Daily Mail being in the bag, that he would be duty bound to ring the Daily Mail and say “The Express is going to print”. It could not be possible for me to be certain that night until 8.15 that we were going to print that night. The editor may have decided to print but not that night, if something big had come in. But if Colonel Lohan rang the Mail and said we were going to print, the Mail could have come out with the story. So I had to be certain before I rang Colonel Lohan, who I knew would ring the Mail and tell them that we were printing that night. So I told him “I cannot be sure we are printing tonight until 8.15”.

Q. What did he say to that?—A. He then said: “That will be too late for me, because I shall be on the train, and you will not be able to get me until 9.30”. I know in his evidence Colonel Lohan has said we did not discuss train times, but this is not correct, because I did not know, unless he had told me, where he would be that night, because Colonel Lohan very often stays the night in town. And I rang him at Charing, his home, at 9.30, and his first remark when I rang was: “I have just walked in”. He asked me to ring him at 9.30 at Charing, and I did so.

Q. Did you agree to do that?—A. Yes.

Q. Colonel Lohan says that between six and seven o’clock on that evening you had several telephone conversations, and also you sent up for copies of the ‘D’ notice from his office?—A. That is quite incorrect, there were only two telephone calls on that night: one was at 6.30, when I agreed to ring him at 9.30 and the other was the 9.30 one.

Q. The 6.30 one was to his office, and the 9.30 one to his home?—A. At Charing, yes. He is confusing two days here.

Q. Have you checked whether any messenger went from the Daily Express to Shell Mex House, to his office, to collect any ‘D’ notices on Monday, 20th February?—A. No, nobody went.

Q. You have checked?—A. I have checked, yes.

Q. And the answer is no?—A. The answer is no.

Q. Did somebody go up on the Tuesday, the day after this was published, on the 21st?—A. Yes, to collect two ‘D’ notices, and the reason I wanted them was. . .

Sir Peter Rawlinson: Let us just get the facts first.
Chairman: I dare say it does not very much matter, but it is said that a receipt was given for those ‘D’ notices. If it was, I suppose it exists, and has a date. Have you got the document, Colonel Lohan?

Colonel Lohan: I have not got it on me, my lord, but it is dated Monday the 20th.

Sir Peter Rawlinson: Mr. Pincher, do you produce in fact the list—what is it called?—A. Yes, this is the messengers’ list.

Q. For the 20th, that day?—A. Yes.

Q. Does it show any messenger going up to Shell Mex House, to Colonel Lohan, that day?—A. No, it does not.

Chairman: Colonel Lohan, where is the document?

Colonel Lohan: In my office.

Chairman: Can you send for it?

Colonel Lohan: I can.

Chairman: Because, you see, while we have got Mr. Pincher here the thing can be cleared up one way or the other. You have got no records in your office, Mr. Pincher, of anybody leaving on such a mission on the Monday?—A. No, but on the Tuesday definitely, and the time and the return.

Sir Peter Rawlinson: What was the time?—A. The time out was 4.40, and the time back with the two ‘D’ notices was 5.10, a youth called Smallman.

Q. He is in the office now at the Daily Express, is he not?—A. Yes. Then on Wednesday, when I was addressing a conference in Harrogate and I had taken those two ‘D’ notices with me in case I should be needed on the telephone, my secretary sent out for two more on the Wednesday, because I had got those for somebody else in the office who wanted them.

Q. Sent out to Colonel Lohan?—A. Yes.

Q. Is there a record of a messenger going on Wednesday to Colonel Lohan?—A. Yes, a boy called Floyd.

Chairman: I do not know that it matters very much, but you say you knew the ‘D’ notices by heart anyway?—A. Well, it is nice, sir, when you are being questioned on anything like this on the telephone, to have it with you. I was at Harrogate on a conference.

Sir Peter Rawlinson: The point is, you say there was only one telephone call that night from you to Lohan?—A. That is right.

Q. In which you arranged to telephone him the definite news at 9.30 that evening?—A. Correct.

Chairman: You have a set of ‘D’ notices?—A. No, I do not, Sir, I personally have never had a set of ‘D’ notices.

Q. You did not let me finish my sentence: you have a set of ‘D’ notices in the office, which is kept in some secure place?—A. Yes.

Q. Either in the editor’s room or, I think, the news room?—A. The news room, that is right, in the safe.

Q. You do not yourself keep possession of a copy?—A. No.

Q. But you say you know them very well?—A. I have access to them, and one has sort of lived with them for so many years. But if I may say so, it is important, sir, to understand why I sent for these things on the Tuesday. They were of no value to me on the Monday, we had just had a discussion about them with Lohan at the table; but on the following day I needed them to write the answer to the Prime Minister’s statement, because the Prime Minister came out and said in the House, “You have breached two ‘D’ notices”. I then needed to have them right there, and they were not easily available in the office, I could not find the fellow with the key to the safe, and Colonel Lohan’s office is only up the street, five minutes or so, so we sent out to get two copies.

Sir Peter Rawlinson: That you said was 6.30; did you leave the office at seven?—A. Yes, I left the office at seven to go home.
Q. Did you arrange with Mr. Johnson to discover the final decision and to telephone?—A. Yes, I discovered that Mr. Johnson would be on the night desk, and I arranged to ring him.

Q. Did you know where the editor was going that evening? Did you know about this dinner?—A. No, I was not invited to the dinner, I did not know about that.

Q. Did you arrive at your home at about 8.30?—A. Yes.

Q. And you telephoned to Mr. Johnson at 9 p.m.?—A. Yes.

Q. Did you find out from him that it had been decided to lead the paper, and did you telephone Colonel Lohan?—A. Yes, on the dot of 9.30.

Q. What did he say?—A. He said: “I have just walked in the house”, and I said words to this effect: “You have lost”, or “Your luck’s out”, or perhaps both. And he said “Oh good lord”, like that—not “Oh good lord”, and he said: “I’ll have to ring the Express”, and I said: “That is perfectly all right for you to do so”, and he knew the number, there was no need to tell him the number, and we hung up.

Q. I think later that night—this is page 13 of your proof—you were telephoned about two wholly different stories from the Express, about 10.45?—A. Yes—I always am.

Q. The editor is going to say he tried to contact you about 11.30, and could not.—A. Yes, apparently—this often happens—the telephone was not functioning, at least not in my bedroom, at 11.30. By that time I had gone to bed, and the other calls came when I was downstairs, so it may have been something to do with one of the extensions, but they even got to the stage, the next morning, of having a motor-cyclist, who almost found me—I live in a very remote area. But I could not have been of any assistance, except simply to reiterate what had happened between myself and Colonel Lohan.

Q. Then did you think that by that publication there was a clear breach of ‘D’ notice?—A. On the contrary, and when I saw the Prime Minister’s statement I was absolutely astonished.

Q. You saw that on Tuesday, the 21st?—A. Yes.

Q. Did you, having seen that statement, telephone Colonel Lohan?—A. Yes, immediately.

Q. What did he say to you?—A. I said: “Have you seen what is coming out on the tapes?” He said: “No, read it to me”, and I read it to him, and I said: “But you said when I rang you on Thursday that the ‘D’ notices do not apply”, and he agreed that they did not apply.

Q. When you say he agreed, what exactly do you recollect him saying?—A. I said: “Didn’t you say that they did not apply?” and he said “Yes”, and I said: “Do you still say so?”, and he said “Yes”. This was on the Thursday ruling.

Q. Did he say anything about the brief which had been given to the Prime Minister being based on anything he had said?—A. Yes, he said: “That was not based on any brief provided by me”, and he repeated that when I was in contact with him later on.

Q. Did you write a piece which appeared in the Daily Express of Wednesday, 22nd February?—A. Yes, I did.

Q. Which was I think entitled “Charge refuted”?—A. Yes.

Sir Peter Rawlinson: Have you got that, my lord?

Chairman: I have certainly read it, yes.

Sir Peter Rawlinson: Very well, then I will not deal with it. Did you speak to Colonel Lohan on the telephone that day, the Wednesday?—A. Yes—after the refutation?

Q. Yes.—A. I rang him up to see what he thought about the piece.

Q. What do you recollect he said?—A. First of all I could not get him, because his secretary said he was down making some sort of deposition, then when I did get him later on he told me he had been under tremendous pressures concerning this statement that he had dictated. I think he had been to the Ministry of Defence with some secretary, and had to dictate a statement.
Q. Then just generally, were your relations with Colonel Lohan those, as he said of friends?—A. Absolutely, and, you know, great mutual trust.

Q. What is your view, if the 'D' notice is not being applied to a particular story, but Colonel Lohan is making a request, do you agree or disagree with the view that that is tantamount to a 'D' notice?—A. I disagree with it, because with a 'D' notice the press members have had the opportunity to reject it or to have it amended, but a request which comes straight from the mouth of a Government official has not got any press sanction that way, and that is why I consider that the request is much weaker than the 'D' notice.

Q. What is your view as to the editor's discretion? Has the editor a discretion under the procedure as you understand it, if the secretary is only relying on a personal request?—A. If the request procedure, if I may use that phrase, is admitted as part of the machinery—and it is—it obviously must be possible for the editor to refuse the request. If the request were to be granted every time it would be an order. That is surely what I understand by the request procedure: he makes a request, sometimes the request is granted and sometimes it may not be.

Q. What is your view, if the secretary says the 'D' notice does apply, even though you disagree, even though you have argued and said: "This is nonsense, this is ludicrous", but the secretary persists and says: "No, my ruling is that the 'D' notice does apply"? What do you say the position is then?—A. The position is that I must tell that to the editor, whatever I may feel, and this has arisen in the past, and that really is the end of it, because the moment I tell the editor: "Look, the 'D' notice applies", that is it, the story will not be printed. It will then be taken up by the committee, perhaps the editor might write to the committee, but on that particular night, if I had gone back and said: "Look, Lohan originally said the 'D' notices did not apply, now he says they definitely do", I think he would not have printed the story that night. It has never happened before.

Q. Did you deliberately take part, Mr. Pincher, in any breach of the spirit of the 'D' notice? This is what Colonel Lohan has said, that it is a breach of the spirit of the 'D' notice procedure.—A. On the contrary, what I would ask the committee to accept is that after I have co-operated for twenty years over this matter, very often at considerable loss of news to the paper, in my opinion, there would be no possible purpose in doing it for just this one story.

Q. On page 15 you say:

"But every newspaper must feel itself free to reject a verbal request made by the Secretary of the Committee that is not based on a 'D' notice. Otherwise there is nothing to stop the Government using the existence of the 'D' notice Committee as a means of imposing censorship at any time it likes".

We have had examples of that, but could we just make it clear that that is "any Government" as opposed to "the Government"?—A. Oh yes. This story—I would like to point this out to the committee too—has nothing whatever to do with this particular Government, and I made a point of putting into that first original story published on the Tuesday that this had been going on for several years, I could not establish how long but I said it had been done for several years. And most of the experiences, in fact all the ones I can think of, where efforts have been made to use the 'D' notice for what I consider to be censorship purposes were made by the previous Government. Mr. Macmillan went on record a little while ago saying what a damn nuisance I had been to him in those days.

Sir Peter Rawlinson: Very well. That is all I have to ask Mr. Pincher.

Chairman: Mr. Pincher, I want to ask you one or two questions. I want if I can to see, since we have not got a cross-examining counsel, to what extent on matters which are of importance you and Colonel Lohan, who gave his evidence the other day—and you heard it—really differ. Your first communication was on the Thursday, I think?—A. Yes. I think we differ very greatly on that.

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Q. I just want to get clear how much you differ. Your query was based on alleged practice of the Ministry of Defence?—A. No, Sir, the query I put up to him was exactly the same query that I put up to Wing Commander Harris, and which I had already put up to Wing Commander Harris before I rang Colonel Lohan. I put that up about three o’clock, as Wing Commander Harris said, and this was that I told him the story about the cables being collected from cable companies for vetting and taken to branches of the Ministry of Defence. Would such a story be covered by a ‘D’ notice?

Q. That does not seem to me to differ from what I was saying to you. You rang Wing Commander Harris because he was the Ministry of Defence press officer?—A. That is right, but I thought Colonel Lohan said I only referred to G.P.O. telegrams.

Q. Now listen to me, Mr. Pincher. I will come to that, where I think you do differ, but your story as it stood at that time seemed to refer to activities which were said to be those of the Ministry of Defence, is that right?—A. What was important, sir, was what was in my mind, and what I understood from my previous knowledge of these sorts of exercises was that the cables were collected on behalf of the security authorities, and it was done through the Ministry of Defence.

Q. I am sure it was in your mind, because the Ministry of Defence might well be an agent for any other authority, but actually what you were dealing with was what was said to be done at that time by the Ministry of Defence?—A. Yes.

Q. But I quite understand, you say you referred to collections made from the offices of the cable companies?—A. Yes.

Q. Commercial Cable and Western Union?—A. Yes.

Q. And his idea was that you were referring to collection from the G.P.O.?—A. Yes.

Q. And on that point you differ in your recollections?—A. Yes.

Q. On the Friday, when you say he spoke to you, he conveyed to you the impression that this story related to a matter of great importance to the Government?—A. Yes.

Q. But you say he made no reference to the bearing of ‘D’ notices upon it?—A. None whatever, just the diplomatic furoré argument.

Q. When you came to what I suppose must have been the critical meeting, which was the lunch at the L’Ecu de France on the Monday, I think it is common ground that he arrived with two Defence Notices?—A. Three.

Q. Which he produced from his pocket?—A. Yes.

Q. And that, if not the first thing, was at an early stage of your discussion?—A. Indeed.

Q. If he was producing Defence Notices at that time, to some extent it must have shown that he was taking a different attitude to the answer he had given you on the Thursday?—A. No, sir. I am sorry, I did not make it plain: as the discussion progressed, what was quite clear was what he was saying to me was: "Look, I was right, but the boys . . ."—the people, the officials, who had been at him over the 48 hours were trying to make him change his mind, and saying that this ‘D’ notice applied and that ‘D’ notice applied. "In fact", he said, "that cannot be made to apply, and this one is so bloody marginal we can put it away".

Q. I do want you to be very careful about this, because I find it very difficult to believe that he arrived with those documents at his meeting with you simply to agree with you that they had no relevant application.—A. He was also going on to the Daily Mail, where he seemed, according to the evidence, to adopt a similar attitude with them, that although he had them with him they were of very marginal application. But what I assure you is that in the course of our discussion that was how the ‘D’ notices were approached and how they
were left, and as far as the first one was concerned he said it could not possibly apply, and the second one had this marginal application, but he was not going to pursue it.

Q. I want you just to have before your mind what he said in his evidence; if you would just look at page 4 of the transcript, this is his recollection of the events:

"I sat down on his right and immediately produced from my inside pocket . . . a copy of two ‘D’ notices. One was a ‘D’ notice dated 30th October, 1961 which deals with the interception of communications, and the other of 27th April, 1956 which dealt among other things with methods used by the intelligence services. Almost immediately—there might have been a word or two but I have no recollection of it—but almost immediately Chapman Pincher waved them aside and said, ‘I know them all by heart’. I thought that was rather amazing and I said, ‘So do I, but that is not the point’. I said, ‘All right, just a second’. I then went off on another tack."

and I think that is all for the moment, because he said “I know there is political embarrassment about this”, and then over the page I then went back again to the ‘D’ notices, do you see that?—A. Yes, I see it and heard him say it.

Q. Then he said:

"I opened them up as it were, and looked at them again and put my finger on it, there are about ten words involved, a line on one and a couple of lines on another, and again Pincher waved it aside and said, ‘No, no, they do not apply’, and he then argued that the ‘D’ notice of 27th April, 1956—"

He is then asked:

"Q. Did you point to any particular part of these? They are quite long.—A. I am not going to read them to you. I then pointed to this particular part, and it was the only part I was concerned with.

Q. On the 1956 one did you point to—"

and he then quotes head (i). Do you recollect none of that?—A. No.

Q. That directing your attention to those particular words?—A. I do not, and furthermore I am quite sure that if I had attempted to wave ‘D’ notices aside, Colonel Lohan would not have accepted it. I have no authority to wave aside ‘D’ notices.

Q. He then goes on in his recollection:

"He argued vehemently that the collection of telegrams and cables was an absolute parallel, and he was quite strong about this view, very strong indeed, it was an absolute parallel to telephone tapping or opening of mail; in other words it did not come under ‘D’ notices."

—A. Yes, that was part of the conversation after the ‘D’ notices had been put back in his pocket.

Q. And then he tells me that he thought you did have a point there, and he quotes the 1957 letter about telephone tapping.—A. Yes.

Q. Which I will have a look at with you, if I may, now:

"... it is quite clear telephone tapping was out as being required to have any kind of secrecy."

He said you were very vehement.—A. I would like to point out this about the angle of vehemence: it does not make any sense, Colonel Lohan was my guest at lunch in a rather crowded restaurant, and a point I remember was that as we went in he stopped at a table and he spoke to somebody there, and when we got to our table, which was not very far away, he said to me: “Do you know him?”, and I said I did not, and he said: “Oh, he is one of the intelligence wallahs”, and we sat down, and he never mentioned him in the conversation, but I just want to show how very very near people were, and one could not get very vehement or angry without creating a scene.
Q. It was Colonel Lohan's answer, I think, to Mr. Shinwell, that you really had a very withdrawn table.—A. Well, it can be seen, it is the end one on the right in the main room in the L'Ecu de France, and one can talk quietly perfectly freely without being overheard, but one could not have vehement and angry scenes, which is rather the picture that he painted in his evidence. As I say, furthermore, he was my guest at lunch.

Q. I do not know that I am very much influenced by that, because you had come together to have an important talk, at your invitation?—A. Yes.

Q. Never mind. Then according to what he says at the bottom of page 6, I think you went on to have a discussion or controversy about the application of the 1961 Notice, and you said: “How in the name of heaven can you pretend this is the interception of foreign communications?”, and he gave an answer.—A. I do not remember that at all, not at all.

Q. And he says, at the top of the next page that it was only after that that he said: “All right, let us put that aside and let us argue now even more generally on why you should not publish this story”.—A. As I recollect it—and I have a very clear mental picture of that lunch—the ‘D’ notice discussion lasted only a few minutes, and then they were put away, or, as Colonel Lohan said, set aside, and apart from occasional references to telephone tapping in the course of the conversation, comparisons between that and cables, when he was trying to get me on his side to get me to support his request to the editor, they were not referred to again. I have given you what I believe to be a completely honest account of what I heard with my ears and saw with my eyes at that lunch, and I went straight back to the editor and told him the same story.

Q. I want now to see if you agree with this, which I gathered from his evidence: you arrived for lunch, you were at the lunch . . . —A. I was at the table.

Q. . . . very clear in your own mind, I think, that these Defence Notices really had no bearing on this subject at all?—A. I had been told that. They had not been raised again, and when he brought them up I was rather surprised, because there was nothing in the conversations on the telephone since the Thursday that ‘D’ notices were involved at all. The first time ‘D’ notices were mentioned was when I rang him on the phone, and he said “‘D’ notices do not apply”, and the next time they were mentioned was when he pulled them out of his pocket at the table.

Q. That is not really what I asked you. I quite appreciate what he had said to you on the Thursday, but even if he had not said that, you had views about the true application of the 1956 and 1961 Notices?—A. Based on past experience, yes.

Q. Which made you have a very clear view from the first that they could not be invoked in this case?—A. Yes, that is correct. But I would not like to think there was strong argument about it. There was argument, but not on the ‘D’ notices, the argument was on the later matter of the request.

Q. It was clearly your view that the ‘D’ notice really had no application?—A. Yes.

Q. Would it not be natural, if that was your view, to wave them aside and say: “I am afraid I cannot talk about that”? —A. I am afraid that did not occur. There was no question of my saying I could not talk about that; it was Colonel Lohan, who did not wave them aside but set them aside, Colonel Lohan took the action in doing this.

Q. You are very experienced in all this business, as I know very well.—A. Indeed.

Q. And you have had, all through your professional career with the Daily Express, to read the ‘D’ notices as they come up?—A. Yes.

Q. I gather that, in your view that the 1956 one definitely did not apply, you really have two considerations in your mind: one is that you do not regard
the alleged general collecting of cables for inspection, scrutiny, as being a secret method within the meaning of the letter of 1956?—A. No, that is right, I do not.

Q. That puzzles me, and I will tell you why: as I understand it, it has never been the subject of any public statement that this practice goes on, I think that is why it was a big news point to you when this thing cropped up?—A. The only reason it was a big news point, sir, was the routine collection. I have always been aware that cables were looked at, always been aware, and I can cite instances where it happened frequently during the war, or Admiral Thomson has mentioned some in his book, very important cases, and it has always been obvious to me that in cases where people are under suspicion their cables would be examined—it is one of the first things one would do—their cables and their letters.

Q. But why is it not a secret method of intelligence, that is what I cannot understand?—A. The reason I have had this view is that as I say, after discussing this matter with Admiral Thomson, and I think later with Colonel Lohan but certainly with Admiral Thomson, over a long period of years, his view was that that 'D' notice applied to methods which were secret in the sense that the Russians must not find out that they exist. I had an example, if I may give it to you, because this is important: I found out long before it became public knowledge that the Russians had a device which you could just put anywhere, stick it under a table, and it would transmit a conversation, it did not even need a battery. I wanted to write about this and I argued with Admiral Thomson, I said: "Look, this is a Russian thing, why can't I write about it?", and he said: "The truth of the matter is that our own people are using this sort of apparatus, and that is a secret, and although the Russians have got it we do not want them to know that we are using it as well". I thought that was reasonable. That was a secret device, but he always gave me to understand that it did not cover things which were obvious, such as the opening of letters, the tapping of telephones, anything which would not appear novel or anything which could be easily thought of. It was a secret which you did not want the enemy to discover, not an operation that you were doing.

Q. But there are many methods of secret intelligence, are there not, and the most old-fashioned one of all is the opening of letters?—A. Yes.

Q. A practice that is well known?—A. Yes.

Q. There is the inspection of cables, which is not novel; there is the newer thing of telephone tapping?—A. Yes.

Q. There are the advanced scientific devices under which you can listen at great distance to something which is happening in a room?—A. Yes.

Q. There are visual aids of the most remarkable order?—A. Yes.

Q. Their existence is all known, there is no secret about bugging as a device?—A. No.

Q. Why is one different from the other, when they are carried out by what appears to be an intelligence service?—A. I would argue now, sir, that the existence of electronic methods is no longer a secret method, for example this device I was telling you about, I was allowed to write about it once the Americans discovered they had one in one of their embassies, and that is no secret method but at that time it was considered to be a secret method. And although I was allowed to write about telephone tapping and opening of letters, I was allowed to write about it only in general terms, and I was not allowed to write about those electronic things. And I think today, at this moment, "secret intelligence methods" refers to things we do not know about, just as we did not know about the electronic devices, and that is the understanding I have always had, in a long grounded over the years and later from Colonel Lohan, and I think that is the colonel's view.

Q. You see, if you just look at the three 'D' notices which matter, I would have thought their story—I quite understand what you are saying, that you did
not so interpret it, but I want to get at the general situation—their story is fairly plain. There is the one of April, 1956:

“Will you please in the national interest make no reference to the following:

(i) Secret intelligence or counter intelligence methods and activities in or outside the United Kingdom.”

and then there is the note which you draw attention to, a note to (i):

“Certain methods employed in Intelligence work are to some extent a matter of common knowledge and it is thus understandable that editors would not normally regard them as secret methods.”

But that would apply, I would have thought, to virtually all these things, which intelligence agencies resort to in order to obtain intelligence by secret activity.

—A. I think, sir, that refers to a secret device, to secret devices the nature of which I do not know at the moment, and I gave you this electronics gadget as an example of one that would have been stopped under this particular ‘D’ notice, because it was a secret method some years ago but now would follow as a matter of common knowledge: there are books about it, you can buy these bugs in the shops, but that is an example of one which was secret and now is not.

Q. That would treat “method” as if it was just “device”.

—A. Well, if there were some other secret method that was not obvious—I think, on the appendix there where it talks about “... to some extent a matter of common knowledge and it is thus understandable that editors would not normally regard them as secret methods”, cable examination is certainly one of them. It is mentioned in detail in the Official Secrets Act.

Q. I will come to the Act; that is another of your points, I know. But when it came to telephone tapping being made the subject of the White Paper, following the Birkett committee, it was after that that the letter of April 1956, the ‘D’ notice that we have been talking about, was modified to the extent, as I should have read it, of releasing telephone tapping because its activity had been made public by the White Paper. Is that not what it says?

—A. I think that is peculiar to telephone tapping, but as I have told you, I thought the reason it did not mention for example opening of letters was because that was so pedestrian that there would be no point in doing so, and I would have thought looking at cables was the same. It could hardly be described as a very sensitive method, whereas the telephone tapping was something involving devices, interference in people’s homes, gadgets being fixed. I always found in my experience that the security authorities were always far more sensitive about telephone tapping than about letter opening, they did not like it being suggested that letters were opened but they were not prepared to make much of a fuss, but they were very fussy indeed about this and went on being fussy until this business arose with I think some barrister or lawyer’s case, and the telephone tapping Privy Councillors’ report, and it did not surprise me at all that there was a special thing about telephone tapping, but letters are not mentioned, are they?

Q. But it is only so far as they are common knowledge. I am a little surprised if you say that the scrutiny of all outgoing cables was a matter of common knowledge.

—A. Of course it was not a matter of common knowledge, otherwise
I would not have written the story. But what was a matter of common knowledge—I would still argue even a matter of common sense—was that cables could be examined and, in the case of a person under suspicion, just as letters would be opened, so would their cables even more so be examined, especially cables going out of the country. And this I would argue is a completely obvious method and therefore could not be called a secret method, although it is conducted in secrecy, and that is why I interpreted it in that way. And I think that appendix to note (i) to that 1956 ‘D’ notice is all-important in that respect.

Q. The other point which I think you have dwelt upon in connection with the lunch, and certainly in other ways, is section 4 of the Official Secrets Act 1920, which shows that there does exist a power to issue warrants under the authority of the Secretary of State?—A. Yes.

Q. But you would not for this purpose in your mind equate the fact that there exists such a power with the knowledge that there was a particular current exercise on, would you?—A. I would have thought, having read that, that that power would only be exercised—before I knew about the story—in connection with a specific case.

Q. I follow that, but the mere fact that that power existed, which you thought probably was only exercised in a specific case, would not mean that it was common knowledge or public knowledge that it was exercised generally with regard to all cables?—A. Oh no, I never thought it was common knowledge that it was exercised with regard to all cables. The method of using it on occasions I would have thought was common knowledge, or as I say common sense to intelligent people. But it would be obvious, if you thought about ways of checking on people’s communications, you would say: “I would open their letters, I would tap their telephones, I would read their cables, if they sent any out”. But the thing which I was concerned about was that what it seemed to show was that this thing which was introduced for specific purposes had become over the last few years a routine measure.

Q. I quite follow that.—A. And that is what aroused my journalistic interest.

Q. I am not for a moment saying it was not interesting.—A. I fear, sir, I have not answered your question?

Q. Not quite. Really what I was asking you is this: people interested in this subject would not know from reading section 4 of the Act, which showed there was a power which could be exercised, to what extent that exercise at any one moment was going on?—A. Oh, certainly not.

Q. What your story told them was the second, and they would not have deduced this from the first?—A. What my story said was that it was going on all the time.

Q. Yes.—A. Yes, and I was prepared to admit that, as I did to Colonel Lohan in the restaurant when he said, “We get some very interesting and valuable information out of this”, which I think the Foreign Secretary also said yesterday. I said: “I do not doubt it, but I think if it means that all cables, even the one I send to my auntie in Texas, are available for scrutiny, this is knowledge which is being bought at too high a price in a free society”. That is what I said. It is a matter of opinion.

Q. Yes. Now on your reference to the 1961 ‘D’ notice, which you say Colonel Lohan said was marginal—I am not quite sure what that means, but at any rate it did not indicate a very strong reliance on it?—A. That is right.

Q. You said “How can you pretend this is the interception of foreign communications”, did you not?—A. No, most certainly not. I think Colonel Lohan said I said that, but I certainly did not. The only point I raised about that particular ‘D’ notice was the question about “on occasions”, because I felt it was the same as the statement in the appendix to ‘D’ notice 1956, that it only refers to instances where these things are being intercepted, these communications are being intercepted for a specific case or purpose on occasions.

Q. Yes, “The various methods used in the interception of foreign communications for secret intelligence purposes”.—A. Yes, “In this connection . . .”
Q. That is what you are asked not to talk about.—A. What it says is: "In this connection the Committee request that you will not refer to the fact that on occasions it is necessary . . .", and by that I understood, as I understood from the previous one, that if there was a specific thing in progress, an occasion when this was being used, of course we would not refer to it, because this would be damaging. But what I am certain of in my own mind, if I may put it this way, is this, sir, that if the press members of the 'D' Notice Committee had thought, when that was drafted, that this would cover the situation which I have written about, it is my view that they would never have agreed to it.

Q. . . .

Q. Yes, if you say that, I would follow you.—A. Indeed, and there again I believe there are secret things we do not know about and should not know about, and which should not be published.

Q. Well, those are all the points, as I see it, about the luncheon interview, where your account and Colonel Lohan's account materially diverge. I think it is fairly common ground that at the end you left rather on this basis, that you were going to say: "I will represent your arguments to my editor", because, although I am sure you had the position with your editor under which your view about what can or cannot be published is very influential, it is ultimately his decision.—A. It is probably more than that in this case, because Mr. Marks is a previous defence correspondent himself, as it happens. Therefore he has more judgment than, say, the editor of the Daily Mail would have, who has not had that experience.

Q. "I will represent your arguments to my editor on the question of publication. My own view is that this is a case when we should publish"?—A. Yes.

Q. "And I believe you would say the same"—whether you said it laughingly or not, I do not know.—A. Well, we were not looking at it as a laughing matter at that stage, it was quite a serious moment.

Q. After that I do not think there is any difference of substance as to what passed between you and him?—A. No, it is only on timing of phone calls and so on.

Q. And this question of the receipt?—A. Yes.

Q. We have got the receipts now. Here are the two receipts, Mr. Pincher. (Receipts passed to witness).—A. It looks to me as though that number has been changed.

Chairman: It bears a red date stamp at the bottom left.

Colonel Lohan: The red date stamp, my lord, may I say, was only put on when they were filed, it does not relate to the day they were received.

Q. The "20th" has a slight suggestion of inking over, though I do not know anything which suggests there is any reason for it.

Colonel Lohan: Am I allowed to say anything about that particular thing?

Chairman: For the moment, Colonel, I think, you are listening. If necessary you can come forward later. Have you any further comment, Mr. Pincher?—A. I would suggest to you on that matter, sir, that it is rather obvious that on the day the Prime Minister made his statement about a breach of two 'D' notices, that would be the time when I would need to study the 'D' notices in detail, and that would be the time I needed them, I did not need them on the 20th.

Q. When did you write the story, in your office on the Monday?—A. Yes, after I left Colonel Lohan I went back to the office to write the story.

Q. So you would have the 'D' notices available to you there?—A. Yes, but I did not need them because we had dispensed with these. But I did need them on the following day.

Mr. Shinwell: Mr. Pincher, from Thursday 16th until Monday had you at any time any doubt in your mind whether you should write the story?—A. Oh no. From Thursday until Monday—on the Thursday night none, because I had got
confirmation of it and cleared it with Colonel Lohan completely, and we could have printed it that night if we had not been full of other material. On the Friday of course because of my regular friendship with Colonel Lohan, the moment he came on the phone and he said, "This is a security business" I had doubts, and I promised him that we would do nothing about it until Monday, which was quite a long time to wait, so I must have had doubts.

Q. You must have had doubts during that period.—A. He put the doubts in my mind.

Q. You had doubts?—A. Because he put them there. I had no doubt until he said, "I must talk to you about it, it is a security business."

Q. Did you have any discussion with anybody in spite of your doubts whether you should write the story?—A. I never mentioned it to anybody, nobody at all, except this man, the news editor, who drifted in purely by accident to my room shortly after I had talked to Colonel Lohan on the Friday when he said, "This is a security business", and I said, "I have been given a story and it might come to nothing because there is now a security matter involved and we will leave it until Monday", he was the only person.

Q. Not a word with anybody about it?—A. Not as far as I remember. I remember when I was dining with Dr. Eban asking him this question about how he would feel if cables were intercepted, but I cannot remember speaking about the story as such to anybody, certainly nobody in the organisation.

Q. When you first heard from this man Lawson, did you regard it as an important story?—A. I did not regard him as much of a source. I must tell you I did not like him very much. No, I thought right away when he came to the office that he had got on to something which was probably not a story. In other words it was a specific operation. When he insisted, however, that it was going on all the time, of course, I had to make enquiries. If when I got the negative answer from the Ministry of Defence I had also got the same negative answer from the Post Office, that might well have been the end of it, but the moment I got the positive answer from the Post Office, then I was in a professional position of having some information which I had to go on and develop.

Q. You had no conversation with anybody, apart from the news editor, on Friday about the matter?—A. I made enquiries about it, but inside the organisation.

Q. Yes.—A. No, nothing about it at all, not at all.

Q. Was this customary when you were about to write an article not to speak to someone?—A. It is standard practice, and I will explain why. First of all, the editor cannot be involved in stories which are what I might call embryonic because so many of them do not come to anything. I have learned from bitter experience that one is very unpopular if one gets a news editor excited about a story in the morning, and they begin to build up their whole ideas, and suddenly at six o'clock you say, "I am sorry, the story has collapsed" or "We are not going to be allowed to print it" so I am left on my own, and what I do is I work the story up, and when it is at a stage when I am ready to write it or I know I will be, I go to the news editor, show it to the news editor, and say "I have this, and we can have it tonight". That did not arise on this story, because Colonel Lohan had told me that there was a security business involved, and I thought it might well die on the Monday. I told the news editor there is no point in raising this with Mr. Marks on Friday. I would not have told him at all if he had not drifted into my room. Then on Monday when I heard from Colonel Lohan, the story was in my opinion a runner, because not only had we got over the question of the security angle, apart from personal requests, but he had also confirmed a great deal of the accuracy of it in the course of our conversations.

Q. You kept the story in your head for several days, you had no conversation with anybody in the organisation that day, and suddenly on Monday afternoon you wrote it because you thought it was a runner. What do you mean by a runner?—A. It was a runner because as a result of the lunch I felt that
there were no security objections to it beyond the situation that the editor had to resolve, and he had nothing to resolve until I wrote it.

Q. There is some conflict of evidence about what happened at lunch on Monday.—A. Yes.

Q. How long did this lunch last?—A. I would have thought—I know it began at five past one—I suppose it lasted until about a quarter to three.

Q. That is a long time for lunch, isn't it?—A. I usually take that time.

Q. You had quite a good lunch?—A. Reasonable.

Q. Quite a long conversation?—A. A long conversation.

Q. Did you drink much during the period?—A. I had a glass of white wine to begin with, and the colonel had a small dry Martini, and we shared a bottle of red wine between us, and that was the sum total of the lunch drinks.

Q. You have a clear recollection of what happened?—A. Indeed.

Q. Are you surprised that Colonel Lohan has no clear recollection of what happened?—A. I am surprised that his recollection differs from mine.

Q. Colonel Lohan is a friend of yours, you say?—A. Yes, that is right, very much.

Q. You have known him for many years?—A. Fifteen years.

Q. You lunch with him regularly once a month, so you said, and you trust him, you said?—A. Yes. We have trusted each other for many years.

Q. When he came to you—never mind about the 'D' notices—and suggested this was a matter of security, and requested you on more than one occasion during the period not to write this story, and he did not want it published for various reasons, though you trusted him you decided to go ahead?—A. Yes, that is right.

Q. Was this the first time you were in conflict with Colonel Lohan?—A. We have often had arguments, but I think there has never been anything quite like this before, never ever in our long co-operation have we had this divergence of view, but I must point out to you that always where Colonel Lohan comes to me with this sort of request that it is not his request, and he has been asked to put it by some Government department. We have had instances where rulings have been put through the Chairman of the 'D'-notices Committee for some purpose which I consider not to be a real matter, a genuine matter of security, and where the public interest has in my view been infringed. So because—even though we are great friends—he comes to me and says, "I do not think you should print this," that is not a complete ruling. I want to know exactly why.

Q. Can you recall an incident when you were in conflict with him about whether you should proceed with a story in the last two years or thereabouts?—A. There must have been so many. There are many occasions when I have rung about whether it was possible to print something about a weapon and he has said, "No," and I have said "This has been written in the American papers" and he has said, "It is still covered by 'D' notices," and we have agreed, and I have dropped it.

Q. Were you satisfied that these particular instances were always covered by 'D' notices on requests that you should not publish?—A. There is usually, sir, in this relationship a good deal of give and take, and I have been prepared in the past to help him by stifling something, knowing that in future he would help me by making perhaps something a little easier than he could have made it, and one has to play this by ear as each one comes along.

Q. Then out of your vast experience, which we all recognise, and knowledge of these matters, would you say that this matter of transit of cables from one place to another and your suspicions about vetting was more important than a story about weapons?—A. What really was the nub of the thing as far as I was concerned was the public interest here, and I think probably in the instances I have been thinking about, specific weapons, the public interest has not been involved in the same manner, and it does not affect the public interest if something is going on about weapons unless there is some scandal attached to it,
and it is really a matter for the Services, and if we print a story of that nature it is of limited interest. But I think this was of maximal interest, and that is why I said, “If you asked anybody in this restaurant whether they thought it was the right thing that these cables should be made available not one would agree with you” and he said, “I admit that, but nevertheless we get some very interesting information out of it.”

Q. Now about this man Lawson who came to you with information about transit of cables, do you know what was his motive at all? — A. I had never heard of him before. While I was away a few days previously he had rung my secretary and made this appointment. I had been away and he made this appointment, but I had never heard of him, and I did not know who he was from Adam. When he came in he looked rather scruffy to me, but he established the fact that he was a student, and that he had this information. I could see by the way he talked—one gets a flair for this—I tried to get him on to technicalities because he was a telegraphist, and I saw that he knew what he was talking about, and that he had not made it up. But the moment I had his information and confirmed it he was no longer a part of the thing, and I have only ever seen him once again.

Q. You gathered he was concerned about the public interest? — A. This is what he said. He did not ask for money, and I was rather surprised.

Q. You were also concerned about the public interest? — A. Yes.

Q. And you were concerned about an invasion of privacy? — A. That is right.

Q. When Lawson spoke to you did he indicate that his privacy had been invaded? — A. No, he did not mention that at all, but was concerned about this story that appeared on television about this man who had been sent to intercept letters from some organisation, and he did not say he belonged to this organisation. In fact I have forgotten what it was, but there was quite a bit in the newspapers at the time.

Q. There has been some suggestion that industrial firms like L.C.I. might have their cables vetted, and this would be detrimental to their trading and to commercial interests. — A. That was his suggestion.


Q. It was his? — A. Yes.

Q. He is not a business man, is he? — No, he is not a business man, but had a great deal to do with the transmission of commercial cables, and the company he worked for was Commercial Cables Limited, and they transmitted a great number. And the sort of stuff that he had to transmit on occasions could have been of enormous interest. He said, too, I think he said, the Board of Trade, for example, if some merger had been going on the Government should not have known about it. He seemed more reasonable than I thought he was going to be when he came in, and he was quite an intelligent fellow.

Q. And he persuaded you there was a case? — A. No, he did not. What he persuaded me was that it was worth while finding out whether his story was true, and if I had not had confirmation from Mr. O'Brien I can tell you—and I mean this—I almost certainly would not have gone on with it, because I had a lot of things that came in, and I was busy with the White Paper. It was late at night, and if I had got confirmation I would have dropped it. The Mail did, because they could not get confirmation.

Q. When you confirmed the story, as you say, were you concerned with invasion of privacy? — A. Yes, the moment I realised that this was a general thing I felt it was wrong.

Q. Was your privacy invaded at any time? — A. My privacy has often been invaded.

Q. By this particular thing. — A. No, as far as I am aware. It has been invaded on the telephone.

Q. I am not speaking about telephones. That does not arise. This is something quite different. — A. I am sorry.
Sir Peter Rawlinson: The question that was directed by the committee to my client was whether his privacy had ever been at all invaded.—A. I thought you meant in any way. I am sorry.

Mr. Shinwell: I will put the question in a direct form. Out of this particular incident, did you feel your privacy was invaded?—A. No, I must say I do not send many cables.

Q. That was not a motive?—A. No, there was no personal motive. It was just another story as far as I was concerned.

Q. That was not the motivation. What was the motivation?—A. The motivation was that I am paid by the 

Daily Express


to bring news in and write, and here was what looked to me a pretty hot piece of news, if true. It was new to me that there was a routine collection of cables going on, and that was the only motivation.

Q. Although it was hot news, and you thought it ought to be written up, you thought it invaded the privacy of industrial firms on the basis of what Lawson said to you, that privacy had been invaded, yet in spite of Colonel Lohan, who was a friend of yours for a long period of time, and his frequent requests to you not to proceed on grounds of security, if not because it was related to 'D' notices, you proceeded to write the story?—A. I would have written it anyway because I have to show it to the editor.

Q. What do you mean you would have written it anyway?—A. There are things that must happen in this sort of business. First of all the information must come in, and then it must be put down on paper in a form which could, if the editor so decided, be printed, and that is what I mean by writing a story. As I explained, it was not a case I could suppress of my own volition, because the 

Mail


and other newspapers were involved, and therefore I had to write the information and show it to the editor before he could make his decision. It was a bit of machinery as far as that is concerned. When we get to the stage of the story, I have to write it and say, "There it is, and Colonel Lohan has said, 'Please do not print it', but those are the facts, and on those facts he bases his decision", but I must go through the motions of writing it, otherwise he has nothing to look at and argue with himself.

Q. This incident relates to the transit of cables and your suspicions on vetting?—A. Yes.

Q. Would you consider that the transit of cables and vetting of cables is not a matter of security?—A. I was in no doubt that it was a matter of security, because Colonel Lohan had said, "We find out some very interesting things from this and very valuable information" and I knew it was a matter of security. I felt the security authorities in this instance were going beyond what was reasonable in a free society.

Q. You were convinced apart from what Colonel Lohan said that this incident was related to security?—A. Oh yes. I had no doubt it was a security business.

Q. You thought it was wise to publish it?—A. I thought it was—my own view was I must write it, and if asked my advice, which I was, I felt that it was wrong that this thing should go on and not be known.

Q. I think you said in connection with some other incident that the Russians might be interested in what was happening. May I ask you this question? Is it desirable that the Russians should be aware that cables are in transit and are vetted? What is your view about that?—A. My real view is that they are fully aware of it already. If you ask me that question, which is the first time it has been put to me, I would answer that they are well aware that cables are vetted, otherwise I do not think we should have ever had any sort of notice suggesting even on occasions we should not mention it, and I think professional spies are fully aware of what might happen to their communications unless they take very great care.

Q. Would you go so far as to say that because of their knowledge of what is happening, espionage operations and exercises, even 'D' notices are of very
little value?—A. I think ‘D’ notices myself are of the greatest value, and I would defend the system to the death. I am all in favour of the ‘D’ notice system, utterly.

Q. In spite of what the Russians may know, or any potential enemy may know, of what is happening in this way?—A. On matters of technical fact, such as weapons, it is possible to keep secrets, but what I consider to be obvious methods, such as vetting of cables by any Government, whether Russian or here, I would have thought every Government knows that its cables in and out of a foreign country would be looked at by the agents of that country.

Q. You said what concerns you is that there was no valid ‘D’ notice relating to this affair?—A. That I consider that there is no valid ‘D’ notice.

Q. That is your case?—A. Yes, I consider there is no valid ‘D’ notice, but the main case I have been making, I hope, was that it was agreed by Colonel Lohan that no valid ‘D’ notice applied.

Q. Then can you explain to us—his lordship did ask you a question, but I could not be satisfied about the answer—on the Monday when you had this lunch and Colonel Lohan came along and produced two ‘D’ notices, what made him do that? He knew he was going to meet you. He knew about the story and that you contemplated writing this story, and he had had discussions inside, and all the rest of it. According to several statements he was under pressure. He came with ‘D’ notices. Why should he have come with ‘D’ notices if he had not in his mind the ‘D’ notices were in some form related to your proposed story?—A. I think it is a very reasonable question, but I think the answer is this, that Colonel Lohan had already told me categorically that they did not apply. He then had great pressure brought to bear on him during the previous 48 hours by the security authorities and other Government agencies to change his mind, and Colonel Lohan felt, and I still think he feels, this would be a dishonest thing to do, because he still believed they did not apply. The burden of the talk at the table about ‘D’ notices was really meant to show me that he was right about this. He had told me that they did not apply, and that the first one could not apply at all, and this was in support of his original statement, and as for this one he said this was so marginal that you can . . .

Q. I did ask you in an interjection, which his lordship allowed me to put, about other occasions when incidents were suppressed, or you refrained rather from writing a story about them, and I asked how many had occurred in the last two and a half years, and you mentioned one, the Bossard case.—A. I mentioned the Bossard case. I mentioned the case about the Director of Security Services, and I could think of more by looking through my cuttings book, because that would bring them back to my mind, but I have so many instances where I have to talk to him on ‘D’ notices as to whether it is all right, and I have always made a point of never writing any story in the Daily Express, even if I felt it did not infringe, without ringing up and saying, “What is your view?” I always ring Colonel Lohan when writing anything affecting any security or defence story, and that is why we have so many calls.

Q. What you say in reply to my question is that quite frequently incidents occurred on which you refrained from writing the story?—A. Yes, I think Colonel Lohan would agree with that.

Q. How would you compare those incidents with this particular incident, the gravity of it?—A. I am still of the opinion that we should have printed this story.

Q. What about the other stories?—A. I am of the opinion that the Colonel was very often right, that it was a good thing not to print the fact that we have this machine or that machine, or whatever it may be, and there are other instances when I think I was sold a pup by the Colonel and he thought he had got me that time, but it was worth it, and we have often laughed about it, and the same with the Admiral in the past. He has very often asked me to do something and then joked about it, and then suggested we were rather mugs, but a lot of pressure was put on him.
Q. You mean by “sold a pup” that he got the better of you?—A. Yes. They did not really have a good case. I can give you a good example and it does not refer to him. It was some years ago when they were putting up atomic reactors at Windscale and I found out that they had built them wrongly. These buildings are colossal and two of the charge face walls were so porous they would have to be pulled down, or repaired. I thought this was a jolly good story. They were not working, and there was no question of anything about nuclear explosives, but we were talked out of it by the Admiral, and afterwards when the whole thing had been repaired he said “You can run it. If you had run it then nothing could have been done”. But he had threatened under the Official Secrets Act.

Q. You did not write it—-A. Not until they were working, which was about 18 months later when they had done all the repairs, and it was a rather poor story then to what it would have been.

Q. That story in your view, in retrospect, would not have been of very much advantage to, say, the Russians—A. No, and the Admiral agreed, and it was rather, “Well, we got you that time ” and I think the story of the MI 6 trainees would not have done any harm.

Q. It would not have mattered to the Russians?—A. They were not concerned with the Russians, but that makes us look stupid in front of the Americans.

Q. The knowledge that a potential enemy possesses about the transit of cables and the vetting of cables, might it not lead to an alteration in codes?—A. I think the codes are altered very regularly in any case. I agree with you. If there is a specific thing going on we would never dream of printing that story, and if the police simply say, “We do not want you to write anything about this”, even if we know there is a great story, because an arrest is imminent, we do not write it, and there is a great deal of giving in by the press on this. This is the first instance I can remember of any major size where we have not agreed entirely.

Q. You have had doubts in the past, and you refrained from taking action?—A. Yes.

A. And on this particular occasion although you had some doubts, and you were frequently requested by your intimate friend, Colonel Lohan, not to go ahead, and up to that time you had not consulted your editor because you did not think it necessary or customary, but you decided to go ahead?—A. Yes, that is right, and I printed the story.

Q. You did that solely and exclusively in the public interest?—A. I did it, to be absolutely honest, in two interests. I regarded myself as professionally in possession of some evidence, of some information which would make a good newspaper story, any newspaper, not just the Daily Express, but I happen to work for them, and it was my duty to write the story. In addition I felt it was in the public interest if it was printed, but that was a decision made by the editor. The reason I wrote the story, to be honest, was it was my professional duty to do it, and that is what I am paid to do.

Q. You said in your deposition, page 8, that “editors are sometimes asked to avoid mentioning non-secret methods when specially requested in cases where particular persons are under surveillance.” You said that—A. Yes.

Q. So it sometimes happens, even apart from ‘D’ notices, you refrain from taking action?—A. Where anybody is under surveillance we would always do that, and it would be irresponsible for any paper to print a story about cable vetting or anything else if it referred, and we were told, to a case in progress. It would be monstrous, I would have thought criminal.

Mr. Selwyn Lloyd: Going back to the beginning of the story, Wing Commander Harris told us yesterday that he had an enquiry on the telephone from you?—A. Yes.

Q. You said you had heard cables were being collected from some cable offices in London by a van?—A. Yes.
Q. And Commander Harris says he thinks you said, he is not positive, by a Ministry . . .—A. Works.

Q. . . . of Public Building and Works vans?—A. Yes.

Q. And taken to a Ministry of Defence building where they were kept for a period, and I think he said, Commander Harris thinks you said for 48 hours and afterwards delivered to cable offices.—A. That is right.

Q. Did you say the same thing to Colonel Lohan?—A. I said exactly the same thing to him, and I would point out that I had rung Wing Commander Harris and I did that at about three, and I did not ring Colonel Lohan until later in the afternoon. Colonel Lohan also said he asked me to ring the Ministry of Defence. His memory is wrong. I told him I had rung Wing Commander Harris at the Ministry of Defence already, because we had a joke, and he said, “You would not get much out of him” and I said No.

Q. You rang Wing Commander Harris first?—A. Yes.

Q. You did say you pointed out the Appendix to the ‘D’ notice of 1956 and you referred to the Note to (i) about “Certain methods employed in Intelligence work are to some extent a matter of common knowledge . . .” —A. Yes.

Q. And I understand your suggestion is it was common knowledge that cables were intercepted?—A. No, knowledge that cables could be intercepted.

Q. You referred to Admiral Thomson’s book. When was that published?—A. That was published—“Blue Pencil Admiral”—it was published I should think about ten years ago, some little time before he died, in which he referred to a story in which some American correspondents had sent something out of the country, and it was during the war when they should not have done, and how the security authorities here got all the cables and went through them and tried to piece them together, and yet failed to produce the message, which was simple, because all you had to do was to take the last word of each message, and it gave away the fact that the Cruiser Belfast had been damaged.

Chairman: But Admiral Thomson’s reminiscences about wartime affairs and practices would not have much bearing on peace-time.—A. What it had a bearing on was that the use of looking at cables was a fairly common and obvious business.

Q. In wartime.—A. I would have thought in peacetime, because espionage, a certain amount of it, is going on in peace.

Mr. Selwyn Lloyd: Are there any other examples of that sort of thing in your mind about interception of communications?—A. Specifically about cables?

Q. Yes.—A. I cannot think of any other instances comparable to that, but I still do think that if we get hold of one or two James Bond novels we will find examination of cables has been a common method of seeing whether spies are sending information out of the country.

Q. Mr. O’Brien said it was something perfectly well known.—A. He agreed with me. I think what he was trying to say—he did not do it very clearly—was that in his opinion this was an obvious thing, that cables would be looked at on occasions.

Q. The paragraph went on to refer in this notice to secret intelligence or counter intelligence methods.—Yes.

Q. And the Appendix talks about methods, and then nobody has yet discussed any of the following words “. . . and activities”.—A. Yes.

Q. Would you regard it as a secret activity?—A. No, I would regard it as an activity carried out in secret, I think so, because I have also gone into this with the Admiral and he said that referred to our agents, what they are doing, where they are. We have had instances of this, which I should mention in view of Mr. Shinwell’s earlier statement. We have had instances where we have found out a watch has been kept on a certain house, and there has been some reason why it would have made a story. I have got on to the Admiral, and I have said, “There is a watch on a house, somebody has been seen with a telescope in another house opposite”, and he has said, “For God’s sake don’t mention that,
because this is some of the boys at work". This would be a secret activity. I would agree that to some extent the actual removal of the vans with the bags is a secret activity, and therefore that should not be looked into. I am sure the Daily Express was not involved in any photographing of any vans, because I thought that would be wrong, because that could lead to identification of vans and places and people. What I was concerned about was to write about the general practice, not how, where they are taken, and what time, and so on, and that I think is the activity, the collection. We did not intrude into that at all.

Q. Your contention is the routine collection is neither a secret method nor secret activity?—A. That is right.

Q. If you had started writing about what was done with the material afterwards...—A. All I could do was to say that they are available and they would be available for security vetting, and I would agree with you if we went into what happened in detail, that would be a secret method, and it would also be covered I should imagine by the Official Secrets Act.

RE-EXAMINED BY SIR PETER RAWLINSON

Q. On this last matter the 1957 one I think dealt with the interception of telegrams, did it not?—A. Which was this?

Q. The Birkett Report issued by Her Majesty's Stationery Office in 1957.—A. What page?

Q. Let us look first of all at page 13, paragraph 37, which deals there with their view about the law:—

"As telegrams are postal packets for the purposes of the Post Office Act of 1953... it is an offence for an officer of the Post Office to 'open, delay or detain' a telegram in course of transmission by post unless it is his duty so to do, or the opening, &c., is authorised by the warrant of the Secretary of State, or it is justified on one or other of the grounds mentioned in section 58(1)..."

They deal with letters, the law on letters and telegrams, and if you look over the page at page 14 it refers there to what happened in 1937:—

"... that it was undesirable that records of telephone conversations should be made by Post Office servants and disclosed to the Police or to the Security Service without the authority of the Secretary of State. Apart from thinking that the former practice was undesirable, the Home Office was of opinion that the power on which they had acted to intercept letters and telegrams on the authority of a warrant issued by the Secretary of State, was wide enough in its nature to include the interception of telephone messages also."

It goes on referring there to "the authority which had already been recognised in the statutes to which we have referred dealing with letters and telegrams."

Then it sums it up on page 15, paragraph 51, the state of the law:—

"It is difficult to resist the view that if there is a lawful power to intercept communications in the form of letters and telegrams, then it is wide enough to cover telephone communications as well."

—A. Yes.

Q. And again on page 29 it deals with the interception of communications:—

"There is no doubt that the interception of communications, whether by the opening or reading of letters or telegrams, or by listening to and recording telephone conversations, is regarded with general disfavour."

It is right, is it not, that at any rate in 1957 there was a Privy Council Report that did deal to a certain extent with intercepting telegrams?—A. Yes.

Q. And therefore the fact that telegrams were intercepted—and I am not saying how often or how regularly or how rarely—the fact that telegrams were intercepted, do you think that was in your view to some extent a matter of common knowledge? To some extent a matter of common knowledge that
there were interceptions of telegrams while there were interceptions of telephones or interceptions of letters?—A. I have always thought this was the case, that this was a matter of common knowledge, even apart from this report.

Q. What was really the key part of your story I think it is clear is the routine . . .—A. Yes, and this is made clear in the story as I wrote it.

Q. You said Colonel Lohan can be on occasions put under pressure, pressure by the security people—by others as well—but by the security people?—A. Colonel Lohan is employed by the Ministry of Defence. He is an impartial man, and as impartial as he can be, but he is available at all times to the Ministry of Defence, or to the Security Services, or to any other Government department that is interested in security matters. Therefore obviously he can be called to the presence, usually and very often, of high level people, and there have been instances in which I have been involved in which great political pressure has been put on him in the past.

Q. I want to get it clear, because there have been put to you certain questions that by publishing or writing this story you were doing something deliberately to harm the State.—A. Certainly not.

Q. You have been asked about drink at a meal. I have not asked any other witness. Have you any confusion over the state of that lunch that you had at the L'Ecu de France?—A. Certainly I think four glasses of wine over two hours would not confuse anybody.

Q. It has not been asked of any other witness, what have they been drinking.—A. I have no objection.

Q. Is the question of the difference between you anything to do with the entertainment that you had?—A. Certainly not.

Sir Peter Rawlinson: I did put in through Mr. Pincher his record, my lord, of when he sent for the 'D' notices.

Chairman: I have lost interest in this particular point, but it is in, is it? We can look at it, the record of messages.

Sir Peter Rawlinson: I am interested to know what the committee are particularly interested in. If there is a clash, if this is important, this part of course of the case, as it were, for the persons who have been complained of, there was plenty of opportunity after 6.30 for Colonel Lohan to have been in touch with the Express, and he says he was in touch, and the Express says he was not in touch, and it might go to some issue as to whether or not, on the position of the editor, Colonel Lohan not having been in contact with him, and if it is irrelevant . . .

Chairman: I do not think it really is going to help us one way or the other.

Sir Peter Rawlinson: I am going to have on record that there is a record that a man called Smallman went to Colonel Lohan's office on 21st February, and it is in the Daily Express records, at 4.40, and it has been produced, a receipt, with this man's signature on it, in which I suggest the date of it has been changed, and there has been a receipt produced of a record of a man called Floyd who is also said in our records to be going to Shell Mex House and there receiving these 'D' notices.

Chairman: The second one is the 22nd, is it?

Sir Peter Rawlinson: Yes.

Chairman: You say that appears to have an alteration on it?

Sir Peter Rawlinson: That is right. The first one is Smallman. Clearly both have been altered, and the purpose of it I do not know.

Mr. Selwyn Lloyd: It could have been a mistake. Sometimes people do make mistakes about them.

Colonel Lohan: I will talk about this when I am allowed to.

(The witness withdrew).
MR. D. MARKS CALLED

EXAMINED BY SIR PETER RAWLINSON

Q. Are you Derek Marks, the editor of the Daily Express?—A. Yes.

Q. How long have you been that, and what senior posts have you held at the Daily Express . . .—A. I have been editor since July, 1965, and immediately before that I was for about two years the deputy at the Evening Standard, before that for a year the Managing Editor of the Daily Express, and before that for about four years the deputy editor of the Evening Standard.

Q. Have you ever served as defence correspondent of the Daily Express?—A. Yes, from about 1952 to 1958. I was the chief political and diplomatic correspondent, and took in a large slice of defence, which I had also done before with the Yorkshire Post.

Q. You covered defence work in your experience on the Yorkshire Post. Did you see Mr. Chapman Pincher on Monday, 20th February?—A. Yes, he came to my office.

Q. At what time was that?—A. A quarter to six.

Q. Did he tell you about the story that this committee is enquiring into?—A. Yes.

Q. Had you heard anything about that story before 5.45 on Monday, 20th February?—A. Not a word.

Q. He has told us he came to your office to tell you a story about cable vetting, and that he had been tipped off by Lawson—I think this seems to be unchallenged—who had worked for Commercial Union, and Lawson had first gone to the Mail.—A. Correct.

Q. Who had really told him, Lawson, to come to Mr. Pincher.—A. Correct.

Q. Did Mr. Pincher say anything about having telephoned Colonel Lohan?—A. Yes, he said that immediately after he had seen Lawson he had telephoned Colonel Lohan, and asked him if there was any question of such a story being covered by the ' D ' notice.

Q. Did he said what the answer was?—A. The answer was a categoric no.

Q. That is what Mr. Chapman Pincher told you?—A. That is what Chapman Pincher told me, yes.

Q. Did he say he had spoken at all again to Colonel Lohan?—A. Yes, he said he had had a number of conversations and he had wound up with having lunch with him that day, the Monday.

Q. Did he say anything more about ' D ' notices?—A. Yes, he said that Colonel Lohan had brought all the relevant ' D ' notices along with him and had pointed and said "None of them apply", and there was some discussion which went on. The situation was similar to that on telephone tapping in that where it had been established that individual instances of tapping must not be referred to it was perfectly permissible to write about the practice as a whole.

Q. Did he say anything about Colonel Lohan being under any pressure at all?—A. Yes, what he said was that Colonel Lohan had said that while he agreed there was no ' D ' notice on the story he was under very strong pressure to persuade us not to use the story.

Q. Did you form any view then when he told you this about pressure?—A. My immediate assumption was that it would be political pressure, because obviously the vetting story would have political implications, and there had been a fairly hefty row about telephone tapping, particularly the alleged tapping of Labour M.Ps when the party was in opposition.
Q. What did you say when he told you all this?—A. I asked to see the written story so that it could be considered, and Chapman Pincher again reiterated that he had undertaken to Colonel Lohan that he would represent to me the Colonel's views that the story should not be published.

Q. Did he say what he had said to Lohan about whether he thought you would agree to that?—A. Yes, Mr. Pincher said he told the Colonel he did not think there was much chance of his view, that is the Colonel's view, being accepted, since neither the 'D' notice nor the Official Secrets Act applied, but nonetheless he would put the view to me.

Q. Then did you have a conference, or did you call in Mr. Raybould, Mr. Johnson and I think Mr. Andrew Edwards?—A. Yes, I called them all into my office so that we could all read the finished story through.

Q. Was anything more said about 'D' notices?—A. Yes, I specifically asked Mr. Pincher whether 'D' notices applied and I again received from him the specific assurance that Colonel Lohan had agreed there was no question of 'D' notices applying, although it was obvious the government did not want us to print it.

Q. Was there some talk about the Official Secrets Act, and did the legal manager . . .—A. The legal manager had the Official Secrets Act with him and, as you know, section 4 sets out the power of the government to inspect cables, and I suggested it would be a good thing to include a reference to the section in the story.

Q. Was that put in the story, the section 4, and then did you come to a decision?—A. Yes indeed; yes, I came to a decision.

Q. What did you understand was your position in the face of Chapman Pincher having said Colonel Lohan had said categorically that 'D' notices did not apply but had requested you not to publish? What did you think your right or position was under the 'D' notice procedure?—A. First of all, as far as the 'D' notice procedure was concerned, they were not covered by 'D' notice. On that I had the categoric assurance. Secondly, the powers to inspect cables, public property, as enshrined in the Official Secrets Act. The third and really most decisive point in this was that, despite the pressure Mr. Pincher reported the Colonel had applied, the story had been first put to the secretary as early as Thursday. We knew it was in the possession also of the Daily Mail. Now, if it had been an exclusive story to us and there was real feeling that it should not be published, then in the ordinary course of events I would have expected private representations to be made to me. If, however, there are two newspapers on to the story, or more—in this case we knew it was not only ourselves and the Mail in London but the Manchester Evening News in Manchester—then it would be quite proper, since there was no question of exclusivity involved, for the Defence Notice secretary to put out an overriding caveat to all papers warning them off the story.

Chairman: Do you mean, Mr. Marks, having obtained the agreement of the representatives of the press?—A. I think they would be obliged to obtain the agreement of two press representatives.

Q. To get around on the Friday?—A. On the Friday or the Thursday, sir.

Q. You said if you had got a 'D' notice specifically covering this point, under that authority you would not have felt you were being ill-treated by the Press and Broadcasting Committee?—A. I would not have felt ill-treated in the sense of any exclusivity of the story because the story had no exclusivity. I would have felt very angry I think because I do not think this is a proper matter for a 'D' notice.

Q. I was assuming the press representatives on the committee had got to agree that it was covered by special notice, and I would have thought it was your job to observe it.—A. I should have to observe it until such time as I got it lifted.

Q. If it had been exclusive to you?—A. Then I would have expected personal representation to be made to me.
Q. Supposing it had not been and you had got a notice from the committee, would you have ignored it or would you have sent in a protest to the committee later?—A. I am sorry, I am not with you.

Q. Supposing you had got a special 'D' notice on Thursday or Friday, which would have meant there had been at any rate a sufficient number of press representatives to agree to it, and the story was exclusive to you, would you have felt that was an improper use of the 'D' notices?—A. I should have thought have felt that was an improper use of the 'D' notices?—A. I should have felt that, yes. I would have thought he would have sent me a private letter. He may then have subsequently reinforced that up if he felt so strongly about it; he might have had to. I think it would have been a somewhat dangerous move, taking it from the point of view of future relations.

Q. But if he had sent you a private letter about your private story, that would not have come with the sanction of any press representatives?—A. No.

Q. Would it not have had less weight for that reason?—A. It would have had less weight, but obviously I would have to listen. I listened very carefully and weighed up what Mr. Pincher had to say about Colonel Lohan's views, but I would have done nothing certainly had I received a private letter without seeing Colonel Lohan myself and arguing the matter with him.

Q. What did Mr. Pincher convey to you as the reasons which led Colonel Lohan to put in this request to you?—A. He said that Colonel Lohan was under great pressure to get us not to use the story, that the government did not want us to use it for security reasons, but that the 'D' notices did not apply. I think that is the lot.

Q. "Security reasons" being the phrase used, was it?—A. "Security reasons" being the phrase used.

Q. That may cover a great deal?—A. Indeed, Sir.

Sir Peter Rawlinson: That being so, you made the decision?—A. Yes.

Q. Before you made that decision did you receive any warning from anybody at all other than Mr. Chapman Pincher reporting Colonel Lohan?—A. Let us get it straight. Chapman Pincher in no sense gave a warning. Pincher gave an assurance that there was no application of 'D' notices and coupled with that a firm, strong request from Colonel Lohan that nonetheless we should not use the story.

Q. Now until what time did you remain in your office that evening?—A. As far as I can recall I left the office at about ten past seven; I know I was late anyway.

Q. And you went over to change because there was a dinner for Trevor Evans at the Garrick club?—A. Yes.

Q. Was Sir Max Aitken going to be at that dinner?—A. He was.

Q. Did you see Sir Max Aitken before you arrived at the dinner?—A. Before I arrived at the dinner, no. I was late arriving, he was a few seconds later than I was, and we said good evening and that was it.

Q. Did you ever speak to him before a certain telephone call about the Chapman Pincher story that evening?—A. No.

Q. Had you left any message where you were and what time you would be back at the office?—A. Yes, I had left a message since my deputy and I were going to the dinner.

Q. Mr. Raybould?—A. Mr. Raybould was going to the dinner as well. Mr. Johnson, the night editor was in charge, and I told him I would make every endeavour to be back in the office by 10 o'clock.

Q. Did you at some time speak to Sir Max Aitken?—A. Yes, as near as I can place it it was about 10.15. The speeches went on rather longer than had been anticipated and Sir Max, who was sitting further down from me on the left-hand side where I could not see him, suddenly appeared round by me and said he had been out to take a telephone call from the Foreign Secretary. He did not understand what it was about, but the Foreign Secretary had said something to the effect that we were running a story in Glasgow which was under 'D' notice,
would we take it out, and Sir Max replied, "I told him you [that is me] were here with me, that I would speak to you about it and certainly if it was under 'D' notice we would take it out." The Foreign Secretary added something to the effect that if we did not use it that night we would have a better story the following day.

Q. Was there any question of Sir Max knowing anything about the cable vetting story?—A. Sir Max knew nothing about the story until I came back from making a telephone call about a quarter of an hour later.

Q. What did you do when Sir Max said this to you?—A. I went up as soon as I could and telephoned via our office switchboard direct on a tie-line through to our Glasgow office. I got through to the editor there and asked him if he was running, that is if his paper was printing. I said, "Have you got any Polaris story or anything like that that could possibly be under 'D' notice?" He said no, he had not, his front page was virtually the same as mine in London. I should explain that we print different editions in Manchester and Glasgow and there are local variations which we would not necessarily know about in London.

Chairman: You transmit to Manchester and Glasgow the proposed layout and material of the London edition, do you, and they make any local variations?—A. They make it as they see fit. As far as Glasgow is concerned they have a very considerable amount of autonomy indeed.

Sir Peter Rawlinson: We are going to have this from Mr. Johnson, but I think it will help in the story if we get it now. Do you agree that the Glasgow scheduled time was 9.15 but they did not go until 9.45 on that particular night, is that right?—A. Correct.

Q. And that Manchester was scheduled at 9.45 but did not actually go on that night until 10.31?—A. That is correct.

Q. And London is scheduled at 5 minutes past 10 and actually went at 10.26?—A. I believe that is correct.

Q. By the time you spoke on the telephone therefore all the scheduled times had passed?—A. The scheduled times for the starting up of all editions, all three first editions in all three centres, had passed, yes.

Q. Glasgow would have gone and in fact London went a few minutes later?—A. Yes.

Q. As soon as you had cleared Glasgow about the Polaris and the 'D' notice story who did you speak to then?—A. I then rang London.

Q. That means you got back to the office?—A. I had to go through again. I got to the office again and asked to speak to Mr. Johnson, and he said that he had received a telephone call at 9.38. He said, "I have written a little note for you about it, I will read it to you." He said Colonel Lohan had telephoned, asked for me by name, was told I was not in the office, that I was between points and could not be contacted, that he, Johnson, was in charge, could he help or do anything, and that Colonel Lohan asked if he were running a story on cable vetting and was told we were. The Colonel then asked Johnson if there were any means of stopping it, and Johnson said it was too late, Glasgow had gone, Manchester were going and London would be going in twenty minutes. He added that Colonel Lohan said his aim had been to ask us to hold the story up for 24 hours so that he could make some more enquiries, and according to what Johnson told me he said, when he realised this was impossible he accepted the fact and said it was very sad.

Q. When you eventually got back to the office were you shown that memo later?—A. I was indeed, yes.

Q. Having spoken to Mr. Johnson who gave you the gist of the conversation, did you go back to the dinner?—A. I did. I should also put in there that I did ask Johnson, since this question of 'D' notices had come in, I already was working on the assumption we were clear on the cable vetting story. I did specifically ask Mr. Johnson whether Colonel Lohan had made any reference to 'D' notices, and Mr. Johnson assured me that he had not. I then went back into the dinner and after some minutes managed to get a.
word with Sir Max, and I told him that as far as I could make out the Foreign Secretary must have been referring to the story of cable vetting, which he then heard for the first time, and that I could not understand this because we had already got it cleared as being free of ‘D’ notice restrictions early in the evening, otherwise it would not be in the paper. Sir Max then said that under those circumstances I had best return to the office, and since he had taken a call himself from the Foreign Secretary that I should put a call back to him as a matter of courtesy and explain to him what the situation was, and this I endeavoured to do.

Q. Did you go back to the office, arriving at about 10.45, and speak to Mr. Johnson, who gave you the aide memoire, and then did you speak to the resident clerk at the Foreign Office and ask to speak to Mr. Brown?—A. Yes.

Q. Eventually did you receive a call from Mr. Greig whom you have known for many years?—A. I did indeed, yes.

Q. What did you say, in your recollection, to Mr. Greig?—A. I explained to him as briefly as I could that the Foreign Secretary had been on to Sir Max Aitken, that he had said we had a story under ‘D’ notice in the paper and that Sir Max had said if it was under ‘D’ notice we would take it out, and that the only story we had in the paper to which this could possibly apply was the cable story which for certain sure was not covered by ‘D’ notice because we had it cleared by Colonel Lohan. To that, according to my recollection, Mr. Greig said, "In that case the Foreign Secretary must be under some misapprehension; I should forget about it."

Q. You then telephoned to Sir Max and told him the action you had taken to get a reply through to the Foreign Secretary?—A. Correct.

Q. You said you got back at 10.45, all the editions had gone, the first edition in London having gone at 10.26. Did Colonel Lohan come on to the telephone to you shortly after you had spoken to Mr. Greig?—A. Yes, shortly after that Colonel Lohan came on, and he said that he was surprised to hear that we were running the story in our first London edition in view of the promise that had been given, particularly as it was under ‘D’ notice.

Chairman: Did he say whose promise?—A. No sir, a promise that had been given. I think he said, “a promise to the Foreign Office”, in fact. I pointed out with some vigour that I had been assured by Mr. Pincher that the Colonel himself had stated it was not under ‘D’ notice. I assumed he knew between whom the conversation had taken place, and said that although I had not been present when the conversation between Sir Max and the Foreign Secretary took place I was quite certain that what he had said was that if we were running a story under ‘D’ notice we would take it out, and Colonel Lohan then said that he had warned Mr. Pincher that the story was covered by ‘D’ notices. To this I said that he had known both Chapman Pincher and myself for a number of years and he must be perfectly well aware that neither of us would print a story that contravened a ‘D’ notice, and he agreed with this at once. “If the story was in the first edition there was not much that could be done”. I was not happy altogether and I just asked him if he could tell me which specific ‘D’ notices this story came under. He said he could not because he had not got the ‘D’ notices with him, and he said again, “Nothing can be done now anyway”, and the conversation ended there.

Sir Peter Rawlinson: Lord Radcliffe asked about ‘D’ notices; the ‘D’ notices are kept in a safe, where?—A. They are kept in a safe in our newsroom, our almost impregnable safe.

Q. After that conversation with Colonel Lohan did you have another conversation with Mr. Greig. I think I can lead you on this. Mr. Greig said the Secretary of State was in a great rage and was threatening all sorts of things?—A. Yes.

Q. He said he would ring up Cecil King and complain that Sir Max had broken his word. What did you say when he said that?—A. I again said to Mr. Greig there could be no question of Sir Max having broken his word, as I am certain all he said was the story would be stopped if it was under ‘D’ notice.
Q. Did Mr. Greig say anything?—A. He said he was sure it was under ‘D’ notice, and I again asked which ‘D’ notice applied.

Q. This may be when he did tell you...—A. There were so many phone calls that evening it is impossible to sort them all out, even immediately afterwards. But it was either in this one or in the one immediately afterwards that he gave me reference numbers of relevant ‘D’ notices, and we had some exchange about the relative knowledge of Colonel Lohan on the ‘D’ notices and the information, because after all Greig said Chapman Pincher knew as much, if not more, than Colonel Lohan about it, but that was just an aside.

Sir Peter Rawlinson: He having said this, did you try and get in touch with both Sir Max and Mr. Pincher?

Chairman: Did you actually look up those ‘D’ notices he had given you the references to?—A. No sir, I did not at this stage; I was trying to get hold of Mr. Pincher.

Sir Peter Rawlinson: You tried to get hold of him and failed and you also tried to get hold of Sir Max and failed?—A. Indeed.

Q. You had these statements of Colonel Lohan on the telephone to you, and the statements of Mr. Greig on the telephone to you; at what time, about, was this? Can you give us any approximate time? At 10.45 you were in your office.—A. It must have been twenty minutes to twelve, about that.

Q. Prior to those two statements by Colonel Lohan and Mr. Greig had you any warning at all that the story was contrary to ‘D’ notice?—A. None whatsoever.

Q. Had the story been published by the time you received those warnings?—A. It had.

Q. What did you do at about quarter to twelve when you were faced with this position?—A. I was unable to get hold of Mr. Pincher who is the authority on these matters. I was unable to get hold of Sir Max who had given this undertaking to the Foreign Secretary. I was faced with this situation where the Foreign Secretary, or at least Mr. Greig speaking with the authority of the Foreign Secretary—and I was quite certain that he was—maintained that it was under ‘D’ notices. I then had to make a decision, and from the strictly security angle there was no decision to make because the story had already in fact been published. Colonel Lohan had agreed that not much could be done about it; that is, accepting that there was a security angle to it. The sole consideration now was that Sir Max had said that if it was under ‘D’ notice we would take it out. Faced with that situation I gave instructions to take the story out of the paper. I was quite confident that, if it was being asserted with this degree of authority at this time of night the story was under ‘D’ notice, everyone else would be advised accordingly. I therefore first of all tried to get Colonel Lohan; his number was tied up. So I spoke to Mr. Greig and told him I was obliged to accept the view put forward on behalf of the Foreign Secretary that this was under ‘D’ notice, and I said, “In the light of what Sir Max has said I have given instructions for the story to be taken out”. I then called Colonel Lohan, got through to him, and told him what I was doing, and said “I assume everyone else is being stopped”.

Q. You told him what you were doing, namely, stopping the story?—A. Yes, I said, “I assume everyone else is being stopped”, or words to that effect. Colonel Lohan’s reply was, “I cannot stop anybody else; to my certain knowledge the Mail and The Times are going to print it”. This conversation must have taken place around 12.30, perhaps a little later.

Q. Did he say anything else to you in that conversation, before you tell us what the effect of that conversation was?—A. The end of that conversation, his last words to me were, “Perhaps it would have been better had I spoken to you on the Friday”, but he had not done so because he did not like to go over Harry Pincher’s head.

Q. That was the end of that conversation, was it?—A. That was the end of that conversation.
Q. What was the situation you were faced with after that conversation in which Colonel Lohan told you The Times and the Mail were going to print? — A. I was then faced with the situation in fact that the idea that one publication does not justify any other breach of the ‘D’ notice was not being applied, and I therefore obviously could not put myself in the situation of taking the story out, so I countermanded my instructions and called Mr. Greig and advised him accordingly. I did tell Colonel Lohan in the conversation, incidentally, that I could not take the story out under those circumstances.

Q. Was the position this, that you decided to take it out, you telephoned, you learnt that The Times and the Mail were going to print, so you countermanded those instructions? — A. That is it roughly, but the point really was this. I was prepared to take it out on the basis of the understanding of the pledge given by Sir Max and in the light of a firm declaration on behalf of the Foreign Secretary that it was under a ‘D’ notice. That being the case I expected the ‘D’ notice would apply equally to everybody else. When the ‘D’ notice was not being applied—I am not making any criticism about it, I am just giving my reasons why I changed my course—when I found the ‘D’ notice was not being applied, I said, “All right, we must continue to publish”.

Q. In fact, did you receive the Mail and The Times? — A. The Mail, as far as I recall, was on my desk at 1 o’clock.

(The proceedings were adjourned until Thursday, 16th March, 1967)

MINUTES OF A MEETING OF THE COMMITTEE HELD IN THE CABINET OFFICE ON THURSDAY, 16TH MARCH, 1967, AT 2.15 P.M.

Present:

Lord Radcliffe (Chairman)
Mr. E. Shinwell
Mr. Selwyn Lloyd
Mr. D. J. Trevelyan (Secretary)

The following gave evidence:

At 2.15 p.m. Mr. D. A. Greenhill Deputy Under-Secretary of State, Foreign Office
2.45 p.m. Mr. C. T. E. Ewart-Biggs Head of Department, Foreign Office
3.15 p.m. Colonel L. G. Lohan

Mr. D. Greenhill

Chairman: Mr. Greenhill, could we have your rank in the Foreign Office? — A. Yes, I am a deputy under secretary.

Q. You have furnished us for our information with a document which perhaps you will have in front of you. I just want to establish what your connection was with the events which led to the Express article on the Tuesday, the 21st. In fact you did not get back into the Foreign Office—you had been away—until the Monday? — A. That is right.

Q. At that time you got a report from Mr. Ewart-Biggs, who I suppose is your junior? — A. Yes.

Q. About these events which had been taking place. He told you I suppose what action he had arranged by his meeting on the Friday afternoon? — A. Yes, he did.

Q. He showed you the minutes? — A. He did.
Q. Then perhaps you will in your own words take us through what followed, and how far you were connected with it.—A. Yes. He told me what he had done, showed me the minutes of his meeting, and showed me the minutes that he had put up to the Permanent Under Secretary and the Secretary of State over the weekend. They seemed in order to me. He then spoke to me about the problem of speaking to Lohan, the difficulty there was about giving Lohan the full information which would have permitted him really to give Chapman Pincher a great deal more information than Chapman Pincher had got.

Q. ... 

Q. I just want to get clear how far it was thought safe to enable Colonel Lohan to know about this, in order that he could work on Chapman Pincher, because he must have some kind of positive brief, must he not?—A. Yes. Mr. Ewart-Biggs did not tell me the precise words he used to him, but to make it absolutely clear to Mr. Chapman Pincher that we thought that this was a matter of very considerable importance, and that it was very undesirable that it should become public knowledge and be advertised in the newspapers.

Q. It was in general phrases of that kind that you thought it could be conveyed?—A. Yes, and I think the words we used were that we would give Lohan as much information as we thought right and proper, and that he would have to play his hand his own way.

Q. You may have given him a difficult hand.—A. I think this was understood.

Mr. Selwyn Lloyd: Lohan had been a PRO in the Ministry of Defence, had he not?—A. Yes, he had.

Q. So he would know a certain amount already, would he not?—A. I do not think he did know a lot about it. I think he guessed a lot, but I do not think he was in possession of anything like the full information.

Chairman: I think perhaps Ewart-Biggs is more closely in touch with what passed with Lohan than you are, because you did not see Lohan yourself, did you?—A. No. I only spoke to Lohan once, and that was right at the very end, when Mr. Greig came on to me late at night and said that the Daily Express were saying that they did not know ‘D’ notices were involved, and I was astounded and annoyed to hear that, so I rang up Lohan and I said: “Did you or did you not make it clear that this was a ‘D’ notice matter?” and he said he had and he had just come off the phone from speaking to the editor, and he led me to believe that he had had a considerable row with the editor, on the basis that the editor had gone against a ‘D’ notice subject.

Q. The subject of ‘D’ notices is somewhat complicated. You yourself had never read the particular one which was said to be involved?—A. I had not read it before this came up, no.

Q. Then your second paragraph I think continues the narrative.—A. After I had spoken to Ewart-Biggs, he went off to carry out his purposes, and spoke to Lohan, and I asked him to keep me in touch, and at about six o’clock he came and told me that Lohan had had lunch with Chapman Pincher, and that he thought the situation was under control, that Lohan thought the Daily Express were not going to publish, and that if they decided to publish we should have another opportunity. I thought the matter was sufficiently important to go and see the Secretary of State, which I did at seven o’clock, and told him what had happened. He said: “Shall I ring up Max Aitken now?” and I said I thought it was better that the matter was handled through the normal channels, and I said: “In any case if they are going to publish we shall hear, and then it may be necessary to involve you”. He said: “Do you think they will publish?” and I said: “I understand that they will not, that they will let us know if there is any more difficulty”, and there I left it and I went home. Then at about ten o’clock Mr. Ewart-Biggs rang me up and said that it was going to be published in the Scottish edition, so I then rang up the Secretary of State at Mr. Grierson’s and reminded him of our conversation, and said: “I understand the Daily Express are going to carry it in their Scottish edition right away”. He then
said: “Well, I will ring up Max Aitken at once”. I gave him Max Aitken’s number, and then he rang me back, I suppose about a quarter of an hour or so later, and said: “It’s all right, they are going to kill it”, and I then rang Ewart-Biggs, who rang Lohan.

Q. Did he say anything else besides: “They are going to kill it”?—A. Yes, he said: “They have asked a price for doing so”, or words to that effect, “that we shall have to tell them tomorrow what it is all about”, and I took that really with a grain of salt, in that I understood then that we would discuss what we would tell the Daily Express.

Q. No arrangements were made on the basis of that for interviewing the Daily Express?—A. Absolutely none, so far as I know, and, as I say, I understood that that meant that we would discuss exactly what it was that was said to the Daily Express.

Q. Then we go on with paragraphs 4 and 5.—A. Yes. Ewart-Biggs rang me up and said: “They haven’t killed it, it’s running”, and I thought there was absolutely nothing more that one could do about it if it was running. Then the next thing that happened was that Mr. Greig rang me and said that the Express maintained that there had been no ‘D’ notice involved. I then got Colonel Lohan’s number from Mr. Ewart-Biggs, rang him, then confirmed that he had made it clear that ‘D’ notices were involved. Then I rang Greig again, I gave him the dates of the ‘D’ notices and suggested that he should tell the Secretary of State—he said he was going to talk to the Secretary of State in any case—I said: “You had better tell him where the situation now stands”.

Q. You have used the words here: “He said that according to his instructions he had not leaned heavily on the 1961 ‘D’ notice”, you recall that?—A. Yes, he said that.

Q. But you inferred from that that he had made a clear case on the earlier one?—A. I am not sure I inferred that, but I did infer that he had carried out the instruction which had been agreed with Ewart-Biggs earlier, 

Q. That really is all your connection with the incident itself?—A. Yes.

Q. 

Mr. Shinwell: On Monday, the 21st, at what time did you have the conversation with the Foreign Secretary?—A. Twice on the Monday, at seven o’clock and when he rang me at ten o’clock at night.

Q. At ten o’clock at night it related to the conversation which the Foreign Secretary had with Sir Max Aitken?—A. He rang Sir Max Aitken at my instigation.

Q. At what time?—A. Ten o’clock. It was about ten o’clock when I rang the Secretary of State, he must have rung between ten o’clock and 10.15.

Q. And his reply to you was that Sir Max had said that the story would be killed?—A. Yes, he said: “It’s all right, they’ve agreed to kill it”. I think those were his exact words.

Q. At that time had you any knowledge that one of the editions of the Express had published the story?—A. No. My understanding was that it was about to be—well, I think the phrase used to me was that they were running it in the Glasgow edition, or they were about to run it in the Glasgow edition. It seemed to me at that time there was still a possibility that it would not be in the London editions, or even that it could be stopped in the Glasgow editions.

Q. If it had been published in the Glasgow edition there was no particular value in stopping it in any other edition, was there?—A. Oh, I think so.

Q. Why?—A. Well, I think if it had appeared for a short time in the Glasgow edition I am not sure it would have been picked up by all the other London editions, and if it were taken rapidly out of the Glasgow edition I wonder whether it would have been picked up on such a wide scale?
Q. But as the *Daily Mail* was interested in the matter, had been previously interested in the matter, very much so, is it not likely that they would have discovered this and then proceeded to publish in the *Daily Mail*?—A. I do not know what they would have done.

Q. During your connection with this affair, at any time did you regard this as being related to the ‘D’ notice?—A. This matter?

Q. Yes.—A. Immediately I heard of it and studied the ‘D’ notices, I thought it was very clearly covered by the ‘D’ notices, and I felt that the ‘D’ notice procedure was designed to prevent by agreement the publication of this sort of material.

Q. I do not know whether you are aware, but I put the question to you, that Colonel Lohan in his deposition and in his reply to questions seemed to have some doubts about whether it was actually related to the ‘D’ notice, and rather put the view that this was related more to general security?—A. He may have done that.

Q. . . .

Q. In the initial stages, when Lohan was associating with Chapman Pincher, when it would appear from statements that he was not convinced that this related to ‘D’ notices, it has been suggested that in the subsequent stages he was under pressure?—A. I do not know what he means by "under pressure". Certainly it must have been made manifestly clear to him that we did not want the thing published, and we thought that ‘D’ notices were involved, but I think it was recognised as I say that he had some slightly difficult row to hoe about explaining why we felt so strongly, within the limits of security.

Q. . . .

Q. Looking back on it, with hindsight, would it not have been better really to put Lohan in the picture to that extent, and indeed for him to have said to Pincher: “This is not a case where they are all being vetted, but they have got to be sorted somewhere, and you can very easily imagine the purposes they are put to”?—A. I think this is a very difficult thing, if I may say so, if you have not persuaded the man not to publish the story. If you tell him a great deal more, there is no guarantee that he is not going to publish his original story plus the trimmings that you have given him, so you have made a good story into a superb story. So you have to go very carefully with him.

Q. . . .

Q. But I suppose when you indoctrinate your beginners in the foreign service, one of the first lessons is: no cable communication sent from a country in which they are serving is safe from the point of view of security?—A. Oh yes.

Q. . . .

Mr. Selwyn Lloyd: Mr. Chapman Pincher said that he has never broken a ‘D’ notice, that he has been working for twenty years and has written 1,500 reports involving ‘D’ notices, and that he has never broken a ‘D’ notice. If you have got a man with a record like that, would it not have been better to have told him?—A. Well, there are very strict security rules about whom you tell about this, and I certainly would not myself tell Chapman Pincher.

Chairman: It is to some extent a technical question, is it not? It is a question of how far you can chance your arm and take a risk with a particular correspondent in communicating things which you can trust him not to pass on?

Q. . . .

Chairman: There is just one other small point: your first information about publication actually taking place did refer to the Glasgow edition?—A. Yes, the information I had was that it was either about to appear or appearing in the Glasgow edition.

Q. Did you pass on that particular fact, “Glasgow”, to the Foreign Secretary?

—A. Yes, I did.

Chairman: Thank you very much.

*(The witness withdrew)*
Chairman: Mr. Ewart-Biggs, you have kindly given us your written account of these events which led to the *Daily Express* article published on the Tuesday, the 21st, and of course it helps us to have this and to go through it following that order. Would you tell me first, what is your actual status in the Foreign Office?—A. I am head of the Permanent Under Secretary's Department, . . .

Q. I see. We will just keep our eyes on these various paragraphs and take our questions as they come along. You heard that the *Daily Express* and the *Daily Mail* got hold of the story involving the G.P.O. and four private cable companies on the one side, and, it was alleged, the Ministry of Defence on the other, picking up overseas cables?—A. Yes.

Q. . . .

Q. You then tried to get together, I take it, on the Friday, all the people involved, either in public departments or in the various private 'behind the screen' departments?—A. Yes.

Q. And that led to your meeting on the afternoon of the 17th, of which we have a record in the minutes; we can see who the various representatives were, and unless you want to draw our attention to anything in particular, we can go on to paragraph 7, where you are saying:

". . . that the meeting would have to consider (a) what action should be taken with the Press and (b) what action should be taken with enquiries in Parliament. Of these, the former was of immediate importance, and our handling of the latter would depend on it. He said that no questions on this subject had yet been addressed to the Foreign Office, and that the Ministry of Defence were maintaining their denial that any interception of this nature took place. Mr. . . . said that the G.P.O. had made a similar denial, in response to an enquiry from Chapman Pincher the previous evening."

We have been told that the line of what the G.P.O. had said in response to that was that not all cables were taken away for inspection, but that some were. Is that consistent with what you heard then?—A. I think at the time, and I thought also when trying to reconstruct the narrative of events and what had happened, that the G.P.O. had in fact told the Press that the story was untrue.

Q. It does not seem to come out that way, but that is what you were told at the meeting, is it?—A. Yes, and I think it also comes out in the G.P.O. statement.

Q. Yes, but we have been hearing actual evidence since.—A. I see. Certainly that was what I understood and what I heard from the G.P.O. when we were trying to piece it all together afterwards.

Q. If you had heard that their answer had been on the lines: "There is something in this; not all cables are, but some are", would it have altered your subsequent attitude?—A. No, I do not think so. In that paragraph of the minutes to which you are referring I was merely stating what the position was at that time, as I understood it, which was that the Ministry of Defence and the G.P.O. had denied the story. Afterwards we discovered that they had done this on the basis that it was factually incorrect, in that no telegrams were sent to the Ministry of Defence.

Q. It may have been rather a dangerous line.—A. No, I was not intending to suggest here that they should have denied it, merely that they had, and this was part of the background that we had to study.

Q. Yes. Now paragraph 9:

"The meeting discussed the line that Colonel Lohan should take with Chapman Pincher. It was agreed that the subject fell under the terms of the 'D' notice of 30th October, 1961, about the interception of foreign communications by H.M.G. The meeting considered that it would be unwise to refer to Chapman Pincher the other 'D' notice (of 27th April, 1956), which had a bearing on this subject, since this referred to intelligence gathering and counter-intelligence activities. Mr. Whyte said that Chapman Pincher should be left in no doubt that this subject was covered completely by the 'D' notice system."
If you stop there, the meeting was ruling out the April, 1956, ‘D’ notice?—A. Yes. I think I should make clear that this record was made at the time by a young man in my department who was there, and it was not as it were altered or cleared or edited in any way afterwards, because everything has been rather overtaken by events, and I think in fact in the subsequent discussion we were all pretty clear that the two ‘D’ notices were both infringed by the story.

Q. Now in paragraph 14 you come to your conclusion:—

“The meeting eventually agreed:—

(a) that the Security Service . . .”

that would be Mr. . . . as your contact?—A. Yes.

Q. Mr. . . .

“. . . should contact Colonel Lohan, either directly or through . . . to ask him to try and stifle Chapman Pincher’s enquiries by indicating that the whole subject came under the terms of the ‘D’ notice of 30th October, 1961, without admitting that H.M.G. actually engaged in the interception of telegrams. Colonel Lohan should base his case on the Official Secrets Act and attempt to give no further information away. He should report the results of his interview subsequently to the Security Service. In response to an enquiry Mr. . . . confirmed that no reporter who had been approached as a result of the ‘D’ notice had used the fact of this approach in a published story but the possibility always existed.”

Colonel Lohan had not at this stage been brought into discussion as to how far this action was feasible in his dealings with the Press? He was not there?—A. He was not there, no.

Q. What was the next thing that happened? We go back to our document, Appendix III.—A. I think the next thing that happened immediately—perhaps I could make one comment on this, and that is I am not sure that these minutes are quite accurate in just referring in paragraph 14(a) to the ‘D’ notice of 1961, and I think it was the general view that both ‘D’ notices were in fact involved, although 1961 was the one most clearly relevant.

Q. . . .

Q. To the outside world it does not very much matter which branch of secret activity is being carried out by which of the officials.—A. Except that the 1956 ‘D’ notice does specifically say that it is intended to cover M.I.5 and M.I.6 in order I think to strengthen its impact on the press. We did deal with that particular point in the paper on the application of the ‘D’ notices to the case in question.

Q. Anyway your impression of this meeting was that both the Defence notices were in your mind and Colonel Lohan was to be set in motion according to the agreed instructions?—A. Colonel Lohan was to continue to try and get the story dropped, because we knew he had already been in touch with the press about it, and that he should continue to try and get it stopped on ‘D’ notice grounds, while at the same time not giving away too much information about what was the actual practice involved.

Q. I will come to that, because I think some of the difference may have come from limitations about what he could say. At any rate your paragraph 2 now. You yourself got into touch with Colonel Lohan on the Saturday.—A. Yes.

Q. Did anything on that matter pass on the Saturday between you and him?—A. I merely asked him how he was getting on, and where the thing stood, which was my prime motive in getting hold of him.

Q. Had you met him? Did you know him as a person?—A. Only on the telephone. I had never met him face to face. I had had dealings with him on the telephone before. The first thing I did after the meeting was to report the situation to the Permanent Under-Secretary and Sir Burke Trend, and write a minute describing the results of my meeting, which went that night to the Secretary of State. I think you have the minute?
Q. Yes.—A. And the minute does I think make clear that this is what we were proposing to do, to instruct Colonel Lohan through the Security Service to get the story stopped.

Q. Then you yourself contacted Lohan on the Saturday morning?—A. Yes, I rang up Lohan on Saturday morning. I was concerned about the whole thing. I wanted to know how the whole matter stood. I was also somewhat concerned that he should not give too much away in speaking to Chapman Pincher, so I rang him up with the idea of checking up to see the sort of line he was going to take.

Q. That was on Saturday or Monday? In the end I think you were the person who really said, “We cannot all give him instructions. I will give them”?—A. That was on Monday. On the Saturday I did mention certainly the ‘D’ notices, and the 1961 one, and I think I did mention as far as I remember my worry that he should not give away too much about what was involved.

Q. How much did you think he knew though, that he could give away?—A. I was not altogether clear about exactly what he knew of the practice, but it did seem to me—and in this I was somewhat inhibited in dealing with him—but it did seem to me from talking to him that he was aware broadly of what was going on, and indeed this I imagine to be the case, because I knew he had been public relations officer at the Ministry of Defence before, so I assumed, and I think this was borne out from the way the conversations went with him, that he did in fact know pretty well what was involved . . .

Q. What strikes me as a slightly difficult thing is if it was to be rammed home to a correspondent that it was within, let us say, the ‘D’ notice of April, 1956, and the correspondent had to be assured that what he was talking about was a secret intelligence method, and if it was not that it did not come within the ‘D’ notice . . .—A. I think, as I said in this thing, I think this was a real difficulty. At the time Colonel Lohan seemed to think he was able to manage Chapman Pincher on the basis that this was an activity that fell under the ‘D’ notices, and involved a matter of defence of the Realm, without going into too much detail about exactly how and why.

Q. The defence of the Realm is a jolly good phrase, but unless you can make it more concrete it is not likely to weigh with a newspaper’s defence correspondent is it? If you are going to operate on him and satisfy him that he is bound in honour either under ‘D’ notices or under some security appeal not to publish, you have to bring yourself down to detail to some extent, have you not?—A. Yes. I do not know exactly what line Colonel Lohan did take with Chapman Pincher. The line that would have been consistent with what I said to him would have been that “this story refers to an activity which falls generally under the ‘D’ notices. I cannot give you too much detail about why or how, but I can assure you that it involves a matter of national security, and that we would regard it as infringing the ‘D’ notice if you published it.” That would have been the line that would have been in keeping with what I said to him. At the time we thought that he was able to persuade Chapman Pincher along these lines not to publish it, and we were anxious that Chapman Pincher should not be told too much about what was going on, because, quite frankly, I estimated Chapman Pincher to be the type of journalist who would not be beyond using any official information he was told in confidence by Lohan.

Q. That was a thing which I take it Colonel Lohan himself should have advised you on, should he not? He must have been dealing with these people always. I do not know what his view was on that.—A. Yes. I think we regarded Lohan as a bridge between the Government and the press. I did not think of myself as telling him exactly what he was going to say to Chapman Pincher.

Q. No.—A. I thought of myself as telling him that we very much wanted Chapman Pincher not to publish this story on ‘D’ notice grounds, and that he must therefore use with Chapman Pincher the argument he thought most
effective in achieving this result, but at the same time we did not want him to give away to Chapman Pincher too much about the exact nature, scope and purpose of what was really involved; . . .

Q. . . .

Q. If he could not—and I quite understand—tell him that, how much could he tell him that would persuade him that 'D' notices and secret national activities were involved—and by "national" I mean Governmental activities were involved?—A. We were hoping I think that he would imply that some telegrams were intercepted for certain purposes, and that he could not go into too much detail about how, but that this was necessary for the security of the nation, or for the defence of the Realm I think was the phrase we thought could be used, and then there was quite a lot of argument about the arguments he could use in trying to convince Chapman Pincher.

Q. This is between you and Lohan on the Monday morning?—A. Yes.

Q. What did he say to you when you outlined your plan, as it were? What was his line—"I can carry this, don't trouble" or . . .?—A. His line was that he thought it was going to be all right.

Q. Did he say, "I think I can do this on general grounds"? Did he give you any line as to what he thought, how he would have to operate?—A. How we left it was that he would try and convince Chapman Pincher to drop the thing by implying that what was involved was a question of national security, and was covered by the 'D' notices, without going into detail, without . . . if he could avoid it.

Q. . . .

Q. I think that is the point.—A. That was our concern.

Q. Now I think you have been outlining to us the lines that you wanted Colonel Lohan to work on when you spoke to him on the Monday morning?—A. Yes.

Q. . . .

Q. That would mean he really was not encouraged at any rate to enlarge upon the 1961 'D' notice?—A. No, but it was quite clear that it was the 1961 'D' notice and the 1956 one that were involved.

Q. I would have thought reading the 1961 'D' notice by itself it dealt with the interception of radio communications passing between two different areas which we succeeded in intercepting and then breaking down if we are lucky, and most people would read it that way, but you think it referred to cables?—A. I think it does refer to cables. It talks of foreign communications.

Q. Paragraph 5—this is what Colonel Lohan said to you?—A. Yes. I first heard these arguments and these propositions to say in reply to them from Mr. . . . of the Security Service, who rang me up to consult me, and we agreed together that I would talk to Colonel Lohan and tell him that he could use these arguments.

Q. That it arose under the Official Secrets Act of 1920, section 4?—Yes. I understood that Chapman Pincher had asked whether what was done was authorised.

Q. That takes us to paragraph 6. You thought he was going to talk about 'D' notice grounds. Then we will go back perhaps to the second part of what you have given us, which is Appendix VI in our papers I think. On 20th February you telephoned Colonel Lohan in the afternoon, and he was then very optimistic. This is the impression he gave you, that he had convinced Chapman Pincher not to use it?—A. Yes, he thought it was all right.

Q. And the Daily Mail had been successfully approached. Then Colonel Lohan rang you at about 6.15 and again at 10 o'clock Mr. . . . of the Security Service told you about the Glasgow edition of the Daily Express which was running, and you got on to Mr. Greenhill from whom we have heard.—A. Yes. As it was 10 o'clock I realised that it was either too late or very nearly too late, and anything that was done must be done very fast, so I did not stop to check
with Colonel Lohan, I rang up Mr. Greenhill right away, because I knew that he had previously talked with the Secretary of State about the possibility of the Secretary of State intervening, so I thought this was the only thing left at that point.

Q. Now paragraph 5, Colonel Lohan telephoning you. It was at that point that he explained that he had acted on his own initiative in releasing the Daily Mail, because he thought he could not hold that if the Express was actually coming out with it.—A. Yes.

Q. And that was a matter I take it of his own Press Committee's procedure really? You did not query that—or did you?—A. I was worried that he had done this, because I realised that if the Secretary of State persuaded the Daily Express not to run the story then we would be left with the Daily Mail, so I said something like, "Why did you do that?"

Q. I suppose Colonel Lohan did not know at that moment the Secretary of State was being brought into action, did he?—A. When he told me about the Daily Mail I did say, "We are trying at a higher level to get this stopped". Then when I heard from Mr. Greenhill shortly afterwards that the Secretary of State had spoken to the Daily Express and they had agreed to kill the story, I very quickly rang up Colonel Lohan to tell him to get the Daily Mail to go into reverse once more.

Q. Then we have these to-ings and fro-ings. Now paragraph 10. You were hearing from Colonel Lohan that the Express were going to drop it after all:—

"I informed Mr. Greenhill. He told me that the Daily Express's condition for not publishing had been that they should be told the full story; we should therefore have to prepare a version for Colonel Lohan to give them."

Can you enlarge on that particular bit of information?—A. What Mr. Greenhill said as far as I remember was that the Secretary of State had got Sir Max Aitken to drop the story, but that Sir Max Aitken had wanted them to be told specifically the full facts.

Q. Did you get the impression that he was to be told it with a view to them being allowed to publish?—A. No.

Q. He was going to be given background in exchange?—A. The very reverse is the impression I got, that he had agreed not to publish it, but wanted to be told why.

Q. In fact you began to make arrangements, . . . ?—A. Yes. I realised that what we told the proprietor of the Daily Express would have to be rather carefully considered.

Q. I think the rest is only exchanges we have heard about already. In paragraph 13 Mr. Marks was in the course of giving exchanges with Mr. Greig.—A. Yes.

Q. Mr. Marks I think had said, "What are the 'D' notices that Mr. Greig was talking about?" and the Foreign Office was asked to identify them. Is that right? Were you asked?—A. Yes. I think when Mr. Greenhill rang me up he said, "What are the 'D' notices involved?" and I said it fell clearly under the 'D' notice of 1961.

Q. Why did you concentrate on that one at that point?—A. That was the one that we particularly had in mind.

Q. . . .

Q. I was only puzzled as you felt—and I quite understand—great delicacy about the 1961 notice being used, that that was the only one you quoted when Mr. Marks was asking for a reference, because that brings it back into predominance.—A. I cannot actually remember precisely what I said to Mr. Greenhill, but I think I probably mentioned the other one as well. The two are bracketed in my mind.

Chairman: I think that has taken us through the story.
Mr. Shinwell: When you first heard about this story, did you regard it as serious and that publication might be embarrassing?—A. Yes.

Q. You did. You sought to have the story stifled?—A. Yes.

Q. But you trusted Colonel Lohan to deal with it?—A. The only possible way of getting it stifled was through the ‘D’ notice procedure. We have no other sanction on the Press.

Q. It was related in your view to ‘D’ notice procedure. Colonel Lohan’s function is primarily as Secretary of the Press and Broadcasting Committee?—A. Yes.

Q. And he does not ordinarily deal with security matters, except in relation to ‘D’ notices?—A. Except in relation to ‘D’ notices.

Q. When it appeared that to argue the ‘D’ notices might not lead to any useful response, you suggested that he should raise the question of security, and possibly some infringement of the Official Secrets Act?—A. I do not think that is quite right, sir. I never suggested he should not argue . . .

Q. Tell me in your own words what you said to Colonel Lohan, what instructions you gave him?—A. I had a lot of conversations with him, but the line of advice I gave him was that he should argue or he should tell Chapman Pincher the story covered an activity that fell under the ‘D’ notices.

Q. At no time during the proceedings did you realise that Colonel Lohan was experiencing some difficulty in convincing Chapman Pincher that this related to the ‘D’ notices?—A. I realised when I spoke to Colonel Lohan on the Monday morning that there might be a difficulty over the 1961 ‘D’ notice, . . . but he seemed to think that he would be able to deal with Chapman Pincher along the lines we agreed, and, indeed, after seeing him at lunch-time he told me he thought he had been successful.

Q. And you fully trusted Colonel Lohan to deal with this matter all through?—A. I had no other means.

Q. If you regarded it as a serious matter, would it not have been appropriate at some stage, perhaps on Monday morning, to have, not yourself directly, but through some other appropriate medium, approached the editor?—A. The Foreign Office itself could not I think get hold of the editor of a newspaper and ask them not to publish a story of this kind.

Q. In point of fact the Foreign Secretary did approach the newspaper that night?—A. Yes, he did.

Q. How do you reconcile these two statements?—A. At the time we knew the story—perhaps I could go back to the beginning?

Q. . . .

Mr. Shinwell: If Colonel Lohan was instructed to make a deal with Chapman Pincher, because that is really what it amounted to, whether on the basis of the ‘D’ notices, or by reference to security, or some infringement of the Official Secrets Act, and so on, you must at some time have realised that he was in some difficulty?—A. I think there is a distinction in what you are saying. I gather you were making a distinction between telling Chapman Pincher that we did not want this published on ‘D’ notice grounds, and telling Chapman Pincher that we did not want it published on national security grounds.

Q. That is precisely what Colonel Lohan was expected to do.—A. In my view, you know, right from the beginning there was no such distinction. The ‘D’ notice procedure is designed to try to stop newspapers publishing matters that would be damaging to national security. Therefore there is not a distinction between telling him not to publish it on national security grounds and telling him not to publish it on ‘D’ notice grounds. I was always assuming throughout that Colonel Lohan, who is the ‘D’ notice authority, was asking the Daily Express not to publish this on ‘D’ notice grounds, and indeed these are the only grounds on which Colonel Lohan can ask a newspaper not to publish.
Q. Are you aware that in his deposition Colonel Lohan has stated when he met Chapman Pincher at lunch on Monday 21st that he produced the ‘D’ notices and then replaced them in his pocket, and the question of ‘D’ notices apparently did not apply?—A. I saw in his statement that he produced ‘D’ notices and said he was basing his argument upon them, and then subsequently said he would put them aside.

Q. And then afterwards he was compelled to use a different argument because Chapman Pincher refused to accept them?—A. Yes.

Q. That this was related to ‘D’ notices.—A. Chapman Pincher refused to accept either of the two ‘D’ notices applied.

Q. Was any pressure brought to bear on Colonel Lohan to change his tactics, to change his story, between the previous Thursday and Monday?—A. No.

Q. He received instructions, did he not?—A. We discussed with him the line that he might take with Chapman Pincher, and I thought this was understood. He then saw Chapman Pincher at lunch time, and reported that he thought he had convinced Chapman Pincher, and Chapman Pincher was going to see his editor.

Q. He stated quite categorically to his superiors, or the Foreign Office, that he had concluded a deal with Chapman Pincher, and the story would not be published.—A. He did not say he had concluded a deal. He said that he thought he had convinced him, words to that effect.

Q. He in your view was . . .—A. He seemed confident. He said Chapman Pincher would put the case to his editor.

Q. And you were quite convinced it was all right?—A. I hoped it was all right. I would not say I was convinced it was all right.

Q. If you were not convinced, surely some other action would have been appropriate, if the story was of such gravity, or likely to prove embarrassing?—A. We thought at that time that it would be all right. We also thought that there would be a further opportunity to do more, because we understood that Chapman Pincher had told Colonel Lohan that if he did not succeed with his editor he would let Colonel Lohan know.

Q. You thought there was a possibility of some change in the course of the evening?—A. Yes. After the lunch between Chapman Pincher and Colonel Lohan, Colonel Lohan reported to me that he thought all was going to be well, and that Chapman Pincher—he thought he had convinced Chapman Pincher—would advise his editor in this sense, and he would let Colonel Lohan know what the result was. This was what I thought was the position.

Q. Colonel Lohan discovered later that the story was likely to be published?—A. It was discovered later that the story was going to be published.

Q. What action did you take then?—A. When I learned the story was going to be published I immediately rang up Mr. Greenhill because I knew that Mr. Greenhill had been in touch with the Secretary of State when I had reported the position before and the Secretary of State had raised the possibility of himself taking the matter up with Sir Max Aitken.

Q. By this time the story had been published in the Glasgow edition of the Express?—A. Yes, or this is what Chapman Pincher told Colonel Lohan, that it was being published I think in the Glasgow edition.

Q. It was known surely when the Secretary of State phoned Sir Max Aitken, it was then known that the story had already appeared in the Glasgow edition of the Express?—A. I do not know this I am afraid.

Q. You were not aware of that?—A. All I know is that at about 10 o’clock in the evening I was telephoned by the Security Service who had heard from Colonel Lohan that the Express were running the story in their Glasgow edition. I realised then that the only hope of getting the story stopped would be to do something at very high level, so I rang up Mr. Greenhill, my superior.

Q. What time was that?—A. Immediately I heard from Colonel Lohan. It must have been very shortly after ten.
Q. After ten?—A. Yes.
Q. By that time the story had already appeared in the Glasgow edition.—A. I dare say it had.
Q. You were not aware of that?—A. No, I was not aware of this. All I heard was a brief message from Mr. . . . in the Security Service that he had heard the *Express* were running the story in their Glasgow edition.
Q. Here in the course of this day, Monday, there was a lunch at which Colonel Lohan had talks with Chapman Pincher, they did not come to any definite agreement at lunch, and subsequently Colonel Lohan had the impression that Chapman Pincher was going to intercede with the *Express* not to publish the story although the editor was not aware of the story at that time, so he told us; then subsequently the Glasgow edition published the story, and that was the position. Is this the way the Foreign Office works in matters of this sort?—A. Nothing of what you say is anything about what the Foreign Office has been doing. You have been explaining to me what the *Daily Express* were doing in their Glasgow edition.

*Mr. Shinwell:* What occurs to me is if this is a matter of such seriousness, more appropriate action might have been taken not to leave it in the hands of Colonel Lohan.

*Chairman:* I think Mr. Greenhill did tell us this afternoon that the Secretary of State for Foreign Affairs had asked in the late afternoon of Monday should he intervene personally, and Mr. Greenhill had said to keep it through what he called the usual channels.—A. Yes, I think that is correct. After Colonel Lohan had reported to me following his lunch what the position was, I reported this position to Mr. Greenhill, who in turn spoke to the Secretary of State about it, and they discussed whether the Secretary of State should approach Sir Max Aitken about this, and they decided that as there would be another opportunity, as Chapman Pincher had said that he would let Colonel Lohan know what the result of his approach to his editor would be, that this should not happen. I should say that it is not at all usual, and would be a fairly dangerous course, for the Foreign Secretary to approach a newspaper in order to try and get a story about an activity dropped from a newspaper, and this is a procedure that has its hazards. I think this was realised on that afternoon.

*Mr. Shinwell:* This is a matter which was left in the hands of Colonel Lohan. You were aware that he produced 'D' notices in the presence of Chapman Pincher in a public restaurant in full view of the public. Is that customary?—A. I should not have thought it was particularly wise, no. I would like to stress that I am not in any way responsible for the behaviour either of Colonel Lohan, or of the *Daily Express*.

*Q.* We know that, and that prompts me to say that you were not responsible for the conduct of Colonel Lohan, but this was a person who was entrusted with the task of dealing with a matter of considerable importance. I only put that.—A. There being no censorship of the Press in this country, for very good reasons, the 'D' notice procedure is the only procedure whereby there is any prospect or hope of getting the newspapers not to publish stories we think are damaging to national security. This is really the only means we have of doing this.

*Mr. Selwyn Lloyd:* You had this conversation at 6.15 on the Monday in which you were told Chapman Pincher was going to write the story so that the editor could see what he thought?—A. Yes.

*Q.* There was no other means in being from your point of view.—A. No, when I heard this I was worried.

*Q.* Did you know that Colonel Lohan was going to be out of circulation for long that evening?—A. No.

*Q.* He went and caught a train which left at 7.49 and he got to his home at ten past nine. With a train which left at ten to eight I assume he must have left his office, wherever it was, some time before that. Did you know he was going to be out of circulation?—A. No, I did not.
Q. Then in your discussions with him at an earlier stage, was there any argument between you and him, or any of your advisers and him, to the effect that the 1956 'D' notice was really untenable because of what had happened with telephone tapping and it was untenable in this case?—A. No, I do not think there was.

Q. You do not remember that being put?—A. No.

Q. You do not remember the argument about the telephone tapping case referred to at all?—A. I do not remember this coming up beforehand. It certainly came up afterwards as an argument that had been used by Chapman Pincher, but certainly it was not our view that the 1956 'D' notice was invalidated by the other 'D' notice referring to telephone tapping.

Q. Invalidated with regard to any method or any process which was more or less public property. The 'D' notice Appendix begins:

"Certain methods employed in Intelligence work are to some extent a matter of common knowledge."

—A. Yes. I think the argument used by Chapman Pincher—there was a 'D' notice issued in I think 1958 after the...

Chairman: October, 1957.—A. After the Birkett Report, and it referred to telephone tapping. It said that as telephone tapping had been mentioned in the Birkett Report, secrecy could not be maintained on this subject. Chapman Pincher argued that intercepting cables was an exactly parallel activity and therefore that was covered too.

Mr. Selwyn Lloyd: Colonel Lohan had never given you the impression that he rather accepted that argument?—A. No, I do not think he did; I do not recollect this. I heard about it afterwards.

Chairman: Thank you very much.

(The witness withdrew)

EVIDENCE OF COLONEL L. G. LOHAN

Chairman: Why I want you back at this stage is that firstly there are certain parts of your aide memoire that you gave us which, as you noticed, I could not let you introduce while the Express and their representatives were here, and there may be one or two questions arising out of this which I would like to go through with you now. Have you got the aide memoire and also the supplementary note which you sent in?—A. Yes, the two things I prepared for you.

Q. The first question is on paragraph 9 of your original aide memoire. That is Friday the 17th and you "have had the Pincher opening message to which you gave the reply we know. You then got in touch with... I want you to tell us what you learnt on that occasion.—A I was just going out and my assistant telephoned me from the office and said Mr. ... wanted me.

Q. Is he a regular contact of yours?—A. Yes, recently because we have been rewriting these 'D' notices, and this specific 'D' notice which I attached as an example to my aide memoire, and we had been very close. ... He started off by telling me—he did not mention Pincher's name first of all—that the Daily Mail and the Daily Express had been making inquiries at the Ministry of Defence about the interception of telegrams and cables, and he obviously had to be very guarded. I said, "Say little more, I now understand what you mean", because he put a totally different slant on the story, it was in a totally different context from the way Pincher had rather cleverly put it to me on the Thursday.

Q. Why? Did that divert your mind from the Ministry of Defence?—A. Yes, that completely hooked me. I notice that in page 40 of Derek Marks' evidence he says Pincher said that immediately Lawson had told him the story he telephoned me and not the Ministry of Defence. This is my recollection of the thing. Pincher did not give me the impression he had telephone the Ministry of
Defence at all. It is also surprising because I would have expected in any reasonable way that the Ministry of Defence would have immediately got back to me and said "watch this one". However, the story that Pincher gave me was undoubtedly that it was G.P.O. telegrams and it was the Ministry of Defence.

Q. I do not want you to go back over any controversial matters, because they are not here now.—A. I was completely thrown by that, my lord, and it was not until . . . mentioned . . . and it was . . . speaking, and this was good enough for me because this immediately rooted my attention to the importance of the story, the fact that . . . had come up with it.

Q. Now the Foreign Office.—A. I am not absolutely certain of this. I spoke to two people in the Foreign Office, Ewart-Biggs and somebody else. I think it was he who got on to me and asked what I was going to do about it. It was then that the ‘D’ notices came into it. I did not discuss much on the ‘D’ notice at that time with . . . I said, “Speaking without the book . . .”—I did not use these words but this is what I meant, that is to say, “Speaking without any ‘D’ notices, I think there are two notices; certainly the one of 27th April ought to cover us, but there is another one about interception that ought to cover us; I will act on that.” He sounded a little doubtful. I said, “In any case, I can always go outside ‘D’ notices.” I do not have to keep to the strict letter of ‘D’ notices; in fact I very rarely have. I said, “Do not worry, I will take action with the Daily Mail, and as a matter of fact I will do the Daily Mail first because they are obviously going to be the easier of the two.” I knew if necessary I could go very high up in the Daily Mail and stop it; I knew my influence with the Daily Mail was very good indeed.

Q. Is it not rather dangerous not to keep to the form of words of ‘D’ notices, because after all it is on that wording that you have got the agreement of the press representatives?—A. My lord, I never ignore the wording. I always feel that with ‘D’ notices if you start off with a correspondent or an editor with a little too much emphasis on the words as they are you immediately get into an argument trying to defend the words and defend the phrases. I can assure you in quite a long experience—and I told you wrongly the other day, in fact it was in March, 1962 that I started—in quite a long experience of this business I know it is no good entering into semi-legalistic arguments with journalists; it does not work.

Q. I quite sympathise with you. On the other hand, the actual form of wording is hammered out in fact at your committee with press representatives, it it not? There you have to become rather literal and see how to express yourself.—A. In that sense they are, but a lot of ‘D’ notices in my view are very badly worded.

Q. I think that may be true. I hope that is leading you to reword them.—A. That is what has led me to reword them. I am rewording the lot. In practice time after time I have argued with journalists over matters of semantics. Even yourself yesterday, you were leading just a little into “What do you mean by method, and what do you mean by activity?” It is very distressing because to sit down to have to argue about words with journalists who are not very good at that sort of thing—neither am I if it comes to that. Therefore I do try to keep to the spirit.

Q. This may arise on the second part of our inquiry. I think it very likely true that a number of the ‘D’ notices are not very happily worded. Would it help you in the future if you had—I do not know how trained you are—but a trained draftsman?—A. I am a trained draftsman.

Q. You say people do not like getting locked in legal arguments about the meaning of words, but they are your sheet anchor?—A. They are indeed, and those are precisely the words I use to myself; these are the anchor of all my arguments. But it is extremely difficult if one avoids the spirit of ‘D’ notices; if one throws that away in trying to claim the letter one is inevitably led to failure; so I have found; or at least rather bad blood, and finally an appeal to an editor or a proprietor.

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Q. Just to finish off paragraph 9, . . . By that day, the Friday, had you seen anything that could be called instructions about the line that you were going to be asked to take in dealing with this story, whether with Pincher, the Mail, or anybody else?—A. No, I think on the whole advice rather than being given was being sought. It was I who was saying, "This is the only practical way I can help, by the use of these two 'D' notices", and I saw, in my own mind's eye while I was talking, the difficulties, because I have terrible difficulties with this wretched 'D' notice that deals with methods and activities, because people say it can mean anything and everything. With the other one I had already had some difficulty, actually with Pincher on one occasion, and another time when somebody else, I think it was the Telegraph, wanted to talk about interception, and they claimed that in this case it was one of our own signals which was exercised in North Africa, and I was arguing that signal nets should not be reproduced in the newspaper because this would allow for interception. They again argued that this was not a foreign communication, this was a British communication. So I have had difficulty with both of these 'D' notices over the wording.

Q. Perhaps at the end I will ask you one or two questions about these alleged misunderstandings about the 1956 'D' notice. It is narrative we are on at the moment. On the Friday, although you had informed yourself what lay behind this story, nobody said to you, "We have talked it over and would like you to take this or that line"?—A. No. I spoke several times with the Security office with whom I have more to do than anybody else, and I made the offer many many more times than once. Several times I said, "I will come up to London if you want me to", because over the open telephone this was not very good. The answer was, "No, you seem to understand what it is; can you hold it?" I said, "At least I can put in a holding operation." I was quite hopeful I could, quite certain I could, and I succeeded. There were no definite instructions as such and certainly not a co-ordinated instruction. There had been several suggestions, but they were all talking separately.

Q. That I will come to. They talked separately because you approached several people?—A. Yes indeed, sir. I offered to come up to London, and they were all separate and different approaches.

Q. I did not take you through paragraph 14 because I do not think that is anything but your own mind. We have read that.—A. May I, with your permission, my lord, make a comment on paragraph 14?

Q. Yes.—A. This is apropos of what Pincher said yesterday. He gave you the impression I brought along the 'D' notices with me in my talk to prove that they did not matter. I assure you I brought them along to assure him they did matter.

Q. Colonel Lohan, I think we have digested that particular aspect of it. Paragraph 24: you have seen Pincher, you have seen the Daily Mail; you have not got any final statement from Pincher by 6.40. Just after 7 o'clock you went to the Ministry of Defence. This is Monday, the 20th.—A. Yes.

Q. What passed there?—A. I saw Sir James Dunnett. I had already telephoned his office earlier about it to say I should probably want to see him. With Sir James Dunnett—he seemed to be very well in the picture—I briefly outlined to him how I saw it, and said that I had been able to do this on the basis of 'D' notices. I am not sure whether I used this expression, but something like it; I said, "I am skating on very thin ice, nevertheless I think I am holding it." Anyhow, I certainly used some expression to show I was unhappy about the actual technical wording of the 'D' notices.

Q. Did he give you any instructions?—A. No, he was off to see Sir Burke Trend immediately. I gave him the impression I was holding myself, that I was fairly confident things were going all right. I told him the Mail were certainly all right, and I told him, "I am worried about the Daily Express because I still have not heard the editorial decision". As a matter of fact it was the conversation I had with Pincher after 6.30, at about 6.40, because he could not telephone me at 6.30 or just before because my telephone goes off. I rang him at 6.30
and said "For heaven's sake, my number is changed to 1022; don’t forget that in case you want me". Before I went off to the Ministry of Defence I rang my wife and said, "If Chapman Pincher rings you are to ring straight back to Mrs. Marshall, my assistant, and tell her what it is", and I gave Mrs. Marshall instructions to stay in the office so that she could ring to my office direct.

Q. She was your contact?—A. She was my point of contact for the rest of the evening. I had no idea what train I was going to catch, none whatever.

Q. When were you able to release Mrs. Marshall—you had left her in charge?—A. I tried to telephone Mrs. Marshall at her home at about 9.20 or thereabouts. I could not get any answer. I tried the office, but I could not get any answer. I presume by that time she had gone. I told her to stay a reasonable time, until she thought I had got home. I had not been able to telephone her from the Ministry of Defence because I had about three minutes to make it to Victoria station. For Pincher to say that I told him what train I would catch is nonsense. It takes him longer to get home than me, and he very carefully asked me how long I had been home. I said I had just got in; in fact I had been in about twenty minutes, and since my wife told me there had been no call from Pincher or the Express I was a happy man; I thought, "Good, they are not going to publish today".

Q. Now paragraph 40, “Consultation and briefing”. I did not let you go into that but I want a bit from you now about what this amounted to. At some stage, apart from your own enquiries on the Friday, you got briefing?—A. These are all on the telephone; I did not in fact meet anybody.

Q. I was taking it it was on the morning of Monday, Mr. Ewart-Biggs?—A. Yes, I was able to use my scrambler telephone so we were a little freer. Once again I gave as much as I got in the way of advice. I would say, “Yes, this is all right; I think we are able to hold this one”. Again, I am not sure what expression I used but giving the impression that I could hold it on a generality rather than on a particular ‘D’ notice if necessary.

Q. ... Q. Did Mr. Ewart-Biggs on Monday morning give you the impression that he was giving, as it were, the final interpretation of what you were to do, or were they all coming at you from different angles?—A. They were all coming at me from their own angle. The people who were most worried and obviously the most concerned were represented by Ewart-Biggs; they were obviously showing the most concern. In fact I remember complaining rather bitterly in one of my conversations with ... there were so many conversations that morning—that I regretted that they were not quite aware of how newspaper minds work, and that one could not go to a newspaper with ‘D’ notices anyhow and talk about mandatory action or sanctions or anything like that. One had to do it with good will because, and I said so to Ewart-Biggs, this did depend on good will.

Q. ... Q. Did you explain to those who were trying to give you this briefing that really one way and another there was not anything left that you could say?—A. No, I did not, my Lord, because I was quite convinced that I could carry this, as I have done many many times. I was convinced that I could carry this—I was wrong of course—on the issue that this is not in the public interest to publish; never mind the actual wording of ‘D’ notices; they are the ‘D’ notices, they set the area, the parameter if you like, but I was convinced they could say enough without giving the game away. In those circumstances we got at one time to Ewart-Biggs saying how far I could go, and he was worried as to how far I could go. Although I did not say it to him, in my own mind I would certainly not have recommended telling Chapman Pincher or his editor the truth,
because, if one had told them the truth about this operation, in three months' time as sure as I am here they would have it out in one way or the other, or they would use it in the funny way they have of going to somebody and saying "I know that", and somebody inadvertently playing it back to them and giving them the story. I would in no circumstances have taken the risk myself of telling them the truth, or advising the Security Service or the Foreign Office to authorise me to tell them the truth, or have taken anybody along, it would have been disastrous.

Q. . . .

Q. That was an element when you said it that weighed very much with them, not to publish?—A. It did, but I had to wriggle out of it because there could have been trouble about that, because if they were eventually publishing this story, because they were going to follow the Express, in order to be different they might have said "Big spy hunt follows cables scrutiny". This is the way they would have played it if I had not dampened them down rather quickly.

Q. . . .

Q. I think that is all we did not cover in your aide memoire. I will just look back at your supplementary note and see if there is anything there we want to follow up. You do say in point 8 of the supplementary memorandum that the advice you received was somewhat contradictory, but you have said all you want to say about that in what you have been telling us now, have you?—A. Indeed, my lord, yes.

Q. These words about the argument being rendered untenable by the past history of telephone tapping; was that your view?—A. Never, my lord. It is quite twisted and distorted that Pincher still insists that I brought the 'D' notices along to prove that they had no application. I did not have to apologise and say I made a mistake on the Thursday. I was off on a story of a somewhat different context, and after I had asked him to explain to me fully what Lawson had said—he had not mentioned very much; I think he said on the Thursday an informant had told him, but he did not give me any details like that, and certainly his story on Thursday was pitiful.

Q. You see what I am asking you about. Would you mind looking at your point 8, the third paragraph—"The kindest thing I can say is that the briefings were not consistent and could not in any circumstances support the contention that I was asked specifically to tackle the Daily Express and Daily Mail on the basis of the two 'D' notices of 27th April, 1956, and 30th October, 1961. In the case of the first one, the argument had already been rendered untenable by the past history of telephone tapping." Are you not telling us there that the argument that the 'D' notice of April, 1956, covered it was untenable because of what had already been recognised about telephone tapping?—A. Yes, my lord, indeed, but it is one thing to say this to an official like the P.U.S., and it is another thing to admit it to Chapman Pincher. It was Pincher who made great play—and I wrote this after of course Pincher had made great play about 'D' notices which cancelled the telephone tapping aspect on methods and activities. I think in all fairness, although I have never admitted this to Chapman Pincher, not once, I swear, it was a good argument. He had a good argument that in fact this was an operation under a warrant which was very similar to telephone tapping, very similar to opening up mail; it was that kind of snooping, as he called it. This view is held not only by Chapman Pincher but by most pressmen I have spoken to, and most people and pressmen who have written about it have held that view that the 'D' notice does not work. I think "untenable" is the right expression. As I said orally to the P.U.S., I was skating on thin ice all the time, and knew it, and I told other people I was skating on thin ice, and they knew it.

Q. That means that you went to this meeting with Pincher with your own mind I think fairly clear that the Press did not understand the April, 1956, 'D' notice as covering what Pincher intended to write about; is that wrong?—A. I went, my lord, with a feeling of great trepidation that I was on thin ice, that this would be interpreted in the way I thought, in fact in the way Chapman
Pincher did interpret it. I had doubts, but I must emphasise that these doubts were not expressed to Pincher; in no circumstances. I held firmly to what I could for what it was worth until, as I saw quite early on—when I used the word “vehement” it did not mean to say we were having a great noisy row, because we were not; you can be vehement quietly. He was quite excited when I started to stick to my guns on this one, so I had to throw them aside; I had to.

Mr. Shinwell: Colonel, in your conversations with the Security Service, the Foreign Office people who are named in these depositions, did you gather that they relied almost entirely on the ‘D,’ notices, that they applied throughout?—A. Yes.

Q. There was never any doubt in their minds about it?—A. They had no other life raft at all.

Q. But in the course of the instructions you received, or the advice you received, there were suggestions that you should play them down a bit?—A. Not the first ‘D’ notice, but certainly they were a little worried that I should press very hard on the ‘D’ notice of 31st October; they were worried. The worry was expressed that this might give away a little bit too much and in fact—I do not know whether this has been given to you in evidence—the first thing Mr. . . . said on the Tuesday morning when he telephoned me was, “Well, thank God it has not come out too badly.”

Q. So you were really advised to change your tactics?—A. To go very easily on it. There is no change of advice, sir. I was advised to take it very gently, that particular ‘D’ notice, and that was my advice too. They were playing my own advice backwards to me. This went both ways; we were, one might say, in agreement.

Q. So when you went to the lunch on the Monday, although you produced the ‘D’ notices, you still had in your mind this conversation you had had with the Security people, and so on?—A. Oh yes.

Q. That you had not to emphasise the ‘D’ notice aspect too much?—A. I had not to emphasise too much that it was a security operation. I had to keep it within the formula of defence of the Realm, and I had to play down the foreign communications aspect of the second ‘D’ notice.

Q. And your request not to write a story was largely based on not infringing security, or not impinging on security; that is really what it amounted to?—A. Indeed, I made great play of this, because I think I am entitled to. The whole spirit of that particular ‘D’ notice, the one of 27th April, is about security.

Q. You did not convince him at the lunch about this, but subsequently you gathered—or at any rate that was your impression—that you had convinced him that he should intercede with his editor not to print the story?—A. Sir, on the contrary I thought I had convinced him about it; I really did.

Q. At the lunch?—A. Yes indeed. I think he admitted as far as he was concerned that I had convinced him. Great security was at stake, real genuine security was very much at stake.

Q. And that he would not write the story?—A. I got the impression that he would not write the story.

Q. And that was still your impression throughout the evening. Was that the reason why you left for home after 7 o’clock; you felt that everything was all right?—A. This is a very delicate business, about when I go home. I live miles in the country; I live right out at Charing. They have cut our train service so that the last train is now ridiculously early. I have to make a balance about leaving my assistant secretary, Mrs. Marshall, in the office while I get home, knowing what she can cope with and how far she can go; so I could not stay
up that night, it was quite impossible. If I had stayed up that night it would probably have been worse, because people automatically telephone me at home. There is never a night when I am not telephoned at home. If I have to be up in London I have to do all sorts of convolutions, duty officers to ring, and my wife, to see that messages can get to me, and never going anywhere where there is not a telephone.

Q. Does it amount to this, that in the course of the late afternoon and evening you were convinced that you had impressed Chapman Pincher with the importance of not writing the story?—A. When I had spoken to Sir James Dunnett, who was the last official I spoke to that night, I said, "We are all right. The Daily Mail is perfectly all right; we are still a little dicey about the Daily Express because they say they have not had an editorial decision".

Q. Sir James Dunnett is your superior, is he?—A. Yes, he is my chairman, he is my superior.

Q. And having had your conversation with him . . .—A. There was nothing else I could do.

Q. Was he satisfied with what you said to him?—A. Yes. He took it for what it was worth, what I said. I entered the caveat, as I said, that I was still a little worried about the Express. I was not beaming with enthusiasm about it or overconfident; I was confident that it would go well.

Q. He did not suggest further action should be taken, that you ought to remain in town, that this was a matter of considerable importance? He did not say that?—A. Well, he realised it was a matter of considerable importance but he was satisfied there was nothing more one could do until one had got an editorial decision.

Q. That was your impression at the time?—A. Yes, and he then went over to see Sir Burke Trend.

Q. May I ask you were you at any time under pressure? That term has been used in the course of the conversations here. Were you under pressure to change your tactics in any way? If I can put it in a rather blunt fashion, were you told by those from whom you had asked advice and who gave you instructions—were you told "Well, this is what you must do"?—A. No.

Q. Were you not?—A. No. One realises that they did not have to impress me with the importance of it. Security is my life's blood, as it were. Pincher distorts the facts. He does not explain what the pressure was, you notice. Mr. Pincher's affairs were not the only things that were happening to me that day. I had Greville Wynne asking me to call a Press conference to explain why I was sitting on his latest book, which I wasn't. And there was another publisher wanting advice about a book he had received from Australia which had been written by an ex-agent. I was under terrific pressure that day, not only about this—everything else. And I thought I was going to have an easy day—I had not had any leave since I had been in this job—and see a local paper. But I was on the telephone the whole day, the whole of Saturday and nearly the whole of Sunday. And to come into the office to piles of work, apart from this, this was what I meant about pressure—not political pressure, of which there never was any.

Q. This was one incident among many other things?—A. Yes, one of a lot of things.

Q. In the course of your conversation with Pincher did you gather from him that there was any political motive in writing the story?—A. No. I think as far as he was concerned the motive was personal. He has had this persecution complex—and I regret using a psychological term, I don't know quite what it means—but he has had this persecution complex about his telephone being tapped and his letters opened. And it really is quite ludicrous. On one occasion he swore that conversations in this very restaurant were being bugged, as he said.

Chairman: We have not got Mr. Pincher here now.—A. But I swear it on my oath.
Q. This is part of his biography.—A. This is not his biography, but just to answer Mr. Shinwell's point. I do not think he was that sort of animal. It was personal.

Mr. Shinwell: You suggest he had a personal motive, because his privacy had been invaded. I think you were present when the question was put to him by myself whether he had taken this attitude of wanting to write the story because his privacy was being invaded, and he denied that.—A. Well, he may have done. I can only give you my impression. I know him fairly well, and this is something which does irritate the life out of him, and this is what he was vehement about.

Q. You have had a long friendship with Chapman Pincher?—A. Yes.

Q. Has any difficulty of this sort been experienced with him before?—A. Yes. He said about the photograph of the last DG of MI.5—he made it sound as though he just agreed when I said No to this. As a matter of fact it was a very hard fight over several days before he finally agreed he would not have this wretched photograph with the caption accompanying his little article. I had terrible fights with him over the exchange of Wynne for the Russian spy, where he complained to my chairman that I had in fact followed him about all night and got in his way. I have had a number of ups and downs with him, quite a number of stern fights almost, over security. But in the end he did see sense.

Q. Is he the defence correspondent for the Express?—A. He is the defence and science correspondent.

Q. He deals mainly with matters of security, does he?—A. Well, he thinks of himself as a great security expert—all spy cases are generally through him. He is what is known as a specialist; he is an assistant editor and a specialist. And he has a little team that works under him, they report to him and write for him. And if there is a story he likes he will do it up on his own.

Q. I want to put a final question to you, Colonel Lohan. Did you at any time in your conversation with the security people, Foreign Office, your superiors, experience any difficulty about the instructions you received?—A. No. Do I understand you aright? Do you mean the case where I threw my hands up in despair and said “No, this cannot be done”?

Q. No.—A. I realised there were difficulties, so did they, but at no time did I throw my hands up and say “This is not on”.

Q. They did not want you to tell the full story?—A. No. The underlining was that one had to be very very careful. And in any case if they had not briefed that into me I would have briefed it into them. If someone had said “Would it not be a good idea to take Chapman Pincher aside and tell him everything completely frankly?” I would have said No.

Q. Would you have regarded the story of this as grave and embarrassing?—A. I would not have said embarrassing. This is not the political impression. I think this is a grave thing. The job of our security service and intelligence service, secret service, is probably the most difficult in the world, and for anybody to do anything which denigrates them or makes their lives more difficult, or to tip anybody off, I think is shocking and irresponsible; this is what I said to Pincher.

Q. Do you think those who advised you or instructed you or discussed these matters with you about the publication of the story were justified in regarding it as a very grave matter?—A. Absolutely.

Q. Had you any previous difficulty with your superiors in matters of this sort?—A. Well, there is the famous case of Anatoli Dolnytsin, which I have mentioned before, where I was a reluctant dragon in the case.

Q. But no similar case?—A. Where I did something which I did not agree with because I was duty bound? No, my superiors are remarkably understanding—they are remarkably understanding. When I say my superiors, this is Sir James Dunnett's first experience, he has been in the Chair only a few months; it is very unfair on him, because he is terribly busy, to have this thrown at him out of the blue, it is quite awful.
Q. There has been a conflict of evidence, Colonel. How do you account for the conflict of evidence between that which you have given and that of Chapman Pincher?—A. The conflict struck me more that the whole of the evidence of the Express group was contrived. For example, take this silly business of what train I was going to catch—I did not know which train I was going to catch...

Chairman: Colonel Lohan, you are a witness who has given evidence about what passed in the presence of the Express people. I do not think it altogether proper that you should come here now and say their story is contrived. You are only a witness.—A. I beg your pardon, but I thought my opinion was being sought.

Q. I do not think it is very satisfactory.—A. I do beg your pardon, but this was in answer to Mr. Shinwell.

Mr. Shinwell: I withdraw that question.

Mr. Selwyn Lloyd: At the very beginning, a remark which interested me, about the press officer of the Ministry of Defence getting in touch with you.—A. Yes, he did not.

Q. Would you have expected him to?—A. Yes, very much so.

Q. Because he has given evidence that on Thursday afternoon Mr. Pincher said that he had heard that cables were collected from cable offices in London by van—I think he said M.P.B.W. van—and taken to a Ministry of Defence building where they were kept for a period of, I think it was forty-eight hours, and afterwards returned to the cable offices. He did not tell you that?—A. No, he never spoke to me.

Q. Do you think he ought to have done?—A. Yes indeed.

Q. Supposing he had told you that on Thursday?—A. If he had told me just that bit more I should probably have thought more about it myself. This is why I asked Chapman Pincher to go to the Ministry of Defence, because if there was something in it the Ministry of Defence, I would expect, would phone me back.

Q. And leaving aside whether Chapman Pincher spoke to you first, they did not communicate with you?—A. No, not at all.

Q. ... About the instructions you received, you say in this memorandum, “I acted to the best of my ability on all advice given. This was plentiful and somewhat contradictory”?—A. Yes

Q. You boiled it down very concisely... What did you mean by ‘plentiful’?—A. There were many conversations. Lord Radcliffe has said that there was at least one, but there were more than one from each person, many more than one, on the Monday, I had people on to me on Sunday. I had people on to me on the Friday. So over a period there were a lot.

Q. Were they plugging their own point of view? Was each department coming back again and again saying ‘Whatever you do do not refer to the aspect we do not want referred to’?—A. I would not put it as brutally as that, no. One could say that each one was selfish in one sense.

Q. But you knew there had been an interdepartmental meeting, did you not?—A. One thing I did know for certain was that M.I.5 had met Ewart-Biggs. I must say I was a little surprised that I was not invited to the interdepartmental meeting.

Q. Were you in London on Friday?—A. No, but I could have come up at any moment. I could have been there in an hour and a quarter.

Q. This went on all over the weekend?—A. Yes, indeed.

Q. Up to lunchtime on Monday?—A. Yes, many telephone calls in and out.

Q. I am still not quite clear myself about the skating on very thin ice. You said when you were giving evidence dealing with Chapman Pincher:
"He maintained this view so hard about this being equivalent to tele­phone tapping that I almost gave up in despair and said 'All right, let us go back to the other one' and we referred to this one of 1961. Well, I shall have to reserve certain remarks I made about this myself, but on the face of it it was a difficult one to push. One was skating on extremely thin ice.'

And then you said again when you went to see Mr. Chapman Pincher you told him you were skating on very thin ice.—A. I meant in the case as it happened, that the moment I brought the words into play of those of two 'D' notices it immediately started an argument about the words themselves, not as much about the meaning but about the words. And one can see a lot of people agree with Pincher on this, that the words do not have any application in this particular case.

Q. You said in your minute of 22nd February referring to this second notice that any emphasis would disclose to Chapman Pincher the true nature of the operation.—A. Yes.

Q. When you talked to him about pattern of signatures, and so on, a pattern of code in plain language is that not disclosing the nature of the operation?—A. Some of it. But I should have thought from a journalist's point of view, and I had to look at it from his point of view, what they like is where the thing goes; they like to involve the departments, the addresses, the possibility of photographs, what are the procedures, what apparatus is used. This is what I wished to avoid. And this is what they like to use in a story. Journalists look at these things slightly different from the way we do, and that is the sort of thing they are after all the time...

Chairman: There is only one question arising out of that. I sympathise very much with your difficulties of having various departments putting their points of view to you about this. But is it wrong to think that the last call on Monday which Mr. Ewart-Biggs made to you was on the lines that this co-ordinated the Government's view? Did you not get that impression?—A. No. I had no reason to think about the word 'co-ordinate'. I thought he was representing the person most interested, the major user, as it were, and therefore that was a co-ordinated view.

Q. Yes, I think he may have had that view himself. The only other thing, Colonel Lohan, is at the end of your aide memoire, you have two or three paragraphs on the lessons to be learnt, which would be relevant to the second part of our Inquiry as to whether there is anything one can do to help improve this system. Will Sir James Dunnett discuss this when we see him?—A. Yes, I think it is right and proper he should do that.

Q. You are briefing him?—A. We had a meeting of the committee to discuss this. I have dictated the minutes. And he will have had something like this to go on.

Q. So if we see you again it will be with him?—A. If he wishes to have me there.

Chairman: Thank you.

(The witness withdrew.)

(The proceedings were adjourned until Tuesday, 21st March, 1967)
MINUTES OF A MEETING OF THE COMMITTEE HELD IN THE
CABINET OFFICE ON TUESDAY, 21ST MARCH, 1967, AT 10.30 A.M.

Present:
Lord Radcliffe (Chairman)
Mr. E. Shinwell
Mr. Selwyn Lloyd
Mr. D. J. Trevelyan (Secretary)

The following gave evidence:—

At 10.30 a.m.
Mr. Derek Marks
Sir Max Aitken
Mr. S. G. Munday
Mr. M. Green
Mr. L. A. Lee Howard
Mr. E. Pickering

Editor, Daily Express

The following attended:—
Sir P. Rawlinson, Q.C.
Mr. Brian Neill
Mr. A. Martin
Mr. Chapman Pincher
Mr. A. Edwards
Mr. W. L. Greig

Sir P. Rawlinson representing Beaverbrook Newspapers Ltd.,
the senior executives of the Daily Express
and Mr. Chapman Pincher

EVIDENCE OF MR. DEREK MARKS RESUMED

Sir Peter Rawlinson: We had really reached the end of the evening of the
20th with Mr. Marks when we adjourned last, which is page 11 of his statement.
There are just two matters to clarify on the happenings of Monday evening, Mr.
Marks. Was this the actual memorandum which Mr. Peter Johnson handed to
you when you got to the office, the memorandum that he had made of his con­
versation with Colonel Lohan just before you got to the office?—A. That is right.

Chairman: What is it? Shall we have it read?

Sir Peter Rawlinson: The memorandum reads:—

"From Peter Johnson to Derek Marks

20th February, 1967.

For the record, Colonel Lohan telephoned tonight at 9.38 p.m. He asked
for you by name. I said that, unfortunately, you could not be contacted,
and that I was in charge. He asked if it was too late to stop the cable
vetting story going in. I said that it was, and that in fact Glasgow had gone
to press, that Manchester was about to go to press, and that we should be
to press within about 20 minutes. His aim, he said, was to ask us to hold it
24 hours while he made inquiries. When he realised this was impossible,
he accepted the fact, adding that it was ' very sad '.
"The press times of Manchester and Glasgow on which I was working in my conversation with Lohan were based on their planned times as given me earlier in the night by Hodgson and McColl."

They are up in . . .?—A. Hodgson is deputy editor in Manchester, and McColl is editor in Glasgow.

Q. Then:

"In fact Manchester went to press at 10.31 off the stone, and Glasgow went to press at about 9.45 and were running at 10.7."

"Running at 10.7." Would you explain that?—A. That means the paper actually coming off the machine.

Chairman: How soon is it known in London what are the contents of the Glasgow edition of the Express?—A. In detail, not until the following day. By and large they would follow the pattern which I think I explained last time, which we follow, and they have a great deal of autonomy up there. They could well have a great deal of material in the paper which is not in the London edition, or indeed which is not sent to London at all.

Q. How soon does it get to the other newspapers in London, what has appeared in the Glasgow edition of the Express?—A. From there they would get the first edition from our Glasgow office within ten minutes or fifteen minutes of the run starting.

Q. The offices in Glasgow would have the first distribution of what is coming off?—A. Yes.

Q. And so if there is anything then which strikes them as important, they would send it through on their own private wire to London?—A. Yes.

Mr. Selwyn Lloyd: When you say running at 10.7 that is coming off the printing machine?—A. Yes.

Q. How soon is it before it is being sold?—A. Fairly rapidly in Glasgow, because they sell at night, the same night, and they have distribution round the hotels which you do not have in London or in Manchester.

Sir Peter Rawlinson: As you have been speaking of Mr. McColl up in Glasgow, you told the committee he has considerable autonomy. Then after you got the message from Sir Max from the Garrick Club you immediately in fact telephoned to Mr. McColl.—A. That is correct.

Q. When you say he had autonomy, would it have been possible that he could have run a story which might have been subject to 'D' notice, or something like that?—A. Yes, indeed. He could in my view anyway have got hold of the story. My first reaction when I heard the word Glasgow mentioned was that he had got hold of some sort of story about the Polaris base, or something of that order, which he might have thought of local interest, and not necessarily have sent to London.

Q. That is possible?—A. Yes, indeed.

Q. Can I come now to page 11 of your proof, and that is coming to 21st February. Were you in the course of the afternoon shown a report from the proceedings of the House of Commons, that in answer to a question on 'D' notices the Prime Minister has said, "A clear breach of two 'D' notices, despite the fact that the newspaper concerned was repeatedly warned that it would be contravening the notice . . ."—A. Yes, indeed.

Q. What did you do shortly after you had seen that report, or what happened?—A. Chapman Pincher telephoned me and said that he had spoken to Colonel Lohan and obtained his permission to disclose what had passed between them.

Q. As a result of that was there published in the Daily Express—written of course that night and published the next day, which was Wednesday, 22nd February—a story by Mr. Chapman Pincher under the heading—"A charge refuted"?—A. Yes.
Q. On that day after that had appeared on Wednesday 22nd, did Colonel Lohan speak to you on the telephone?—A. Yes, he called me at the office, and he said he would either like to speak to me on the telephone or come and see me, and I suggested it would be better if he came round to my office, and he got there about twenty past six.

Q. When he came to your office at 6.20, what did he say?—A. He said he had come to make two points basically, that he had maintained categorically that he had told Chapman Pincher on the Thursday that the ‘D’ notice did not apply. He said that in later conversations with Pincher he said in his view the matter could be claimed to be under ‘D’ notice, but that it was a perfectly tenable view, as had been put forward in fact by the *Times* on that day, Wednesday 22nd, that it was not. Therefore he had argued with Pincher on the Monday on the basis of putting the ‘D’ notices on one side, and that was the word he used.

Chairman: Is this your own recollection? You have not got a note made at the time?—A. I have not a note at the time, but I put it down shortly afterwards.

Q. When did you make a note of this?—A. Within 24 to 48 hours.

Sir Peter Rawlinson: He said a tenable view as expressed in *The Times* was to the effect that it was reasonable for the *Express* to dispute, that, that the ‘D’ notice applied?—A. Correct.

Q. Go on then, Mr. Marks.—A. I asked Colonel Lohan if he had any objections whatever to the story being published that morning by Chapman Pincher.

Q. That is “A charge refuted” story?—A. Yes. It was on the top, it being that day’s paper, the top copy of the file in my office, and Colonel Lohan moved across to it, looked at it, and said that he did not quite accept the view expressed in the paragraph, I think number 3, in the story.

Q. That is the third paragraph which deals with the two hours Pincher spent with Colonel Lohan on the Monday afternoon when Colonel Lohan had produced the two ‘D’ notices that could conceivably be relevant, and Pincher wrote Lohan agreed neither could reasonably be applied to the matter in question.—A. Correct.

Q. What did Colonel Lohan say?—A. Colonel Lohan said obviously they had some application but that he had put them on one side in argument with Pincher since a contrary view could just as well be maintained. He added that as far as paragraph 4 was concerned he would have preferred that Pincher could have said that he used all his powers of persuasion in the spirit of the ‘D’ notices.

Q. “Used all his powers of persuasion” but had not said “in the spirit of the ‘D’ notices” which Lohan would have liked to have been put in.—A. Yes.

Q. Apart from those two points, had he any complaints about the Pincher article on Wednesday?—A. None at all.

Q. Did he say anything about whether he had or had not prepared the original answer to the Parliamentary Question?—A. Yes, he said that he had prepared the original answer for the Prime Minister to Sir John Langford Holt’s question, but he had not been consulted about the reference which had been made to the *Daily Express* which had been tacked on the end, and he did not agree with it. He added that it was wrong that anyone else should intervene on a ‘D’ notice question as he was the channel between the ‘D’ Notice Committee and the Press.

Q. I think you then had some further conversations, not really relevant, and then he left your office?—A. That is correct.

Q. Is that really the whole part that you played in the circumstances leading up to this publication?—A. That is correct.

Q. Could I ask you now just four general questions. Before your talk with Lohan on the telephone at about eleven o’clock that evening when you had come back to the office from the Garrick Club, had you received any warning that the story was under ‘D’ notice?—A. None at all.
Q. Can you say, if you had been told before publication that the story was under 'D' notice, would you have published?—A. If I had been told the story was under 'D' notice before it came anywhere near publication, I think I should have wanted to argue the question with Colonel Lohan personally.

Chairman: Whether it was under 'D' notice?—A. Exactly.

Sir Peter Rawlinson: We have had a view expressed by Mr. Brittenden that where 'D' notices are laid aside a personal request from Colonel Lohan is tantamount to a 'D' notice. Is that your interpretation of the system, or not?—A. No, it cannot be. It cannot be the same thing at all.

Q. Why do you say it cannot be the same?—A. Because the whole of the 'D' notice system has no legal force. If I may enlarge on this, I do not understand this talk about the spirit of the 'D' notice system. 'D' notices are in fact the embodiment of the 'D' notice system, and they represent the free cooperation between the Government and the service Ministries on the one hand, and the Press on the other, and you cannot build and enlarge upon that. Obviously we seek guidance from Colonel Lohan whether something does in fact infringe 'D' notices, and we would, for example, if he had said there was a special operation involved, clearly we would not have published this story. Not only would it have been wrong to do so, but because it would equally have infringed a 'D' notice.

Q. Did you believe that you had a discretion for you to exercise when there had been 'D' notices laid aside but Colonel Lohan had made any request?—A. Most certainly.

Chairman: I have one or two questions. We know now from what you have told us you knew nothing of this cable vetting story until just before six o'clock on the Monday?—A. Correct.

Q. Mr. Pincher came to you with the story, but not with it written out?—A. Correct.

Q. Apart from your editorial experience, you yourself had been a defence correspondent in the past, I gather?—A. Yes, sir.

Q. When you first heard about the nature of the story, did it seem to you to have a possible 'D' notice application?—A. Yes, indeed.

Q. Your mind was brought on to it right away as soon as you heard the nature of it?—A. It was brought on in this way, that Mr. Pincher said that he had discussed it with Colonel Lohan and there was no 'D' notice application, and I wanted to know if he was sure, and he assured me this was certainly so.

Q. It was not only that Chapman Pincher said to you that with regard to this story Lohan said that definitely it is not within the 'D' notice. It struck your mind as being a possible 'D' notice question.—A. Yes.

Q. If you look at page 2 of the memorandum which you gave us, the 'D' notice point does seem to occur again and again in your exchanges with Mr. Pincher.—A. Certainly.

Q. First of all, he had received a categoric assurance that it was not within 'D' notices, and that is the first new paragraph there. Then in the third paragraph, "He said that Colonel Lohan had brought all 'D' notices that might apply along with him. He had pointed to them and said that none applied." Then in the next paragraph, "Pincher assured me that Lohan had agreed that the 'D' notices did not apply . . . etc." Then after all that you asked him to put his story into writing.—A. Yes, sir.

Q. What was the purpose of that, to see whether it could be thought to have 'D' notice application?—A. No, sir, the purpose was simply that it is far easier to assess a story in writing, than it is when you are talking about it, and you have a potential copy in front of you.

Q. You did not want it in writing to see whether it was what I call a good story?—A. No.

Q. You wanted to see how it looked from the point of view of the 'D' notices?—A. Quite honestly it was not. I was looking at it then from the point of view of the story, because I had been assured the 'D' notice did not apply.
Q. You are quite clear about that?—A. I am quite clear about that.

Q. When you had got it into writing, through Pincher—I think he brought it back to you—it was then that the Legal Manager, Mr. Andrew Edwards, came into the picture, did he not?—A. Yes.

Q. And he had a copy of the written story?—A. Yes, sir.

Q. What did you want the legal manager to look at it for?—A. First of all, just to run an eye through it to see that all was well on the story as a whole, and he takes a rather different view from the journalist on any story we are running, and also I wanted my deputy to make the point of the Official Secrets Act, and that was the point which the legal manager settled, he brought a copy of the Official Secrets Act with him and pointed to the relevant paragraph.

Q. I appreciate that there was what I might call a separate point about the Official Secrets Act being involved, but did you ask him his view about its relationship to 'D' notices?—A. I did not.

Q. If he knows about them.—A. No.

Q. Did he express a view?—A. No, sir.

Q. At the meeting Mr. Pincher again seems to have brought in the point that Colonel Lohan had agreed the story was not covered by 'D' notices.—A. I think the purpose was that both I and my deputy were going out, and the night Editor was going to take charge of the paper, and it was essential that he should be fully in the picture as to what the situation was.

Q. But I thought your basis was—"Well, the 'D' notice is really out of the picture because it has been cleared with Colonel Lohan"?—A. Exactly, but it was important the night Editor should be aware that that was the case.

Q. Did you think he might be approached then?—A. No, I had no idea whether he would be or not, on the basis of the 'D' notice I did not think he could be, but I thought there might be some pressure when it was known we were publishing, yes.

Q. Then at the top of page 4 of your statement you say:—

"When the story had been rewritten..."

and that rewriting I think partly consisted of putting in your reference to the Official Secrets Act, section 4—

"... the managing Editor, the night Editor, Chapman Pincher and myself again went through it. Again Chapman Pincher said that Colonel Lohan was quite categoric that it was not covered by a 'D' notice."

I do not quite follow why there is this insistent return to this point about 'D' notices if it was thought to be quite clear.—A. This was the first time the night Editor had heard about the story, and just so that he should be in the picture again I then said to Mr. Pincher, "Now there is no doubt that this was cleared as far as the 'D' notice was concerned by Colonel Lohan" so that if anything arose while I was out of the office, whatever else the situation was, the night Editor would be fully seized of the fact that the story had been cleared as far as 'D' notices were concerned.

Q. With that having gone through, you left to go to the dinner at the Garrick Club for Trevor Evans.—A. Yes.

Q. Then you tell us that Sir Max was called out of the room to the telephone, he left the dining room, he went to the telephone box and came back to you; and he made it plain to you I gather at least that there was some complaint from the Foreign Secretary about what the Express was doing?—A. Yes, sir.

Q. I think he referred to the Glasgow edition in your recollection?—A. Within my recollection Sir Max said the Foreign Secretary had said that we were running some story in Glasgow which was under 'D' notices.

Q. What puzzles me, I will tell you quite frankly, about this part of your evidence is until an hour or two ago you had been having this session in the office in which plainly the 'D' notice question on the cable vetting story was very much to the fore in spite of all the assurances Mr. Pincher had been giving,
and yet you did not think of it when you heard of the complaint that the Foreign Secretary was making.—A. Quite honestly I did not think—may be I should have been quicker off the mark—I did not think the Foreign Secretary had anything to do with 'D' notices, and he had specified Scotland. Had he said we were running in London my mind would at once have jumped to it, and I was put off there by the reference to Glasgow, and it was a matter of seconds while I had gone through to Glasgow and on to London.

Q. I quite see the point about Glasgow, but it is in a sense only your first edition, it is the first bit of the Express containing the main part of its contents for the morning that comes out.—A. Yes.

Q. That is what Glasgow can mean, and need not necessarily mean a local form of story you had not heard about.—A. No, but I could not see why there should be a specific reference to Glasgow.

Q. It is the first way the public can learn what the Express is going to print the next day.—A. I am sorry, sir, no, that is not always the case. For example, that night I did not know Glasgow was going first. The order in which the various centres go changes from night to night.

Q. I did not know that. It is not regularly the first?—A. By no means.

Q. The other thing I want you to be very clear in your recollection of since you had no instantaneous record is what passed between Colonel Lohan and you on the Wednesday when he came to see you. I do not know that there is very much difference between your two accounts of it, but are you perfectly clear in your mind that he used these phrases that you produce to us in your aide memoire on pages 12 and 13:

"He declared that in later conversations with Pincher he had said in his view the matter could be claimed to be under 'D' notice but that it was a perfectly tenable view... that it was not."

You recall that with perfect clarity?—A. Yes, sir.

You say:

"Therefore he had argued with Pincher on the Monday on the basis of 'putting the 'D' notices on one side'."

—A. Yes, sir.

Q. That phrase may be significant, I do not know, but that sticks in your mind?—A. It did indeed.

Q. You repeated it on the next page:

"... but that he had put them on one side in argument with Pincher since a contrary view could just as well be maintained."

—A. Yes.

Mr. Shinwell: After you were informed by Mr. Chapman Pincher about the stories, you were quite clear that the 'D' notices did not apply?—A. Yes, sir.

Q. At no time had you any doubts about this?—A. No, sir.

Q. In your evidence you say that it was obvious the Government did not want you to print it?—A. Yes, sir.

Q. Were you influenced by this at all?—A. Influenced to the extent that one has obviously to consider a request from Colonel Lohan that one should not carry a story.

Q. You were also aware that the Foreign Secretary had approached Sir Max Aitken?—A. Not before publication, sir.

Q. But did not the Foreign Secretary speak to Sir Max Aitken when he was at the Garrick Club dinner round about ten o'clock?—A. Ten past ten.

Q. But by that time the story had appeared in the Glasgow edition, am I right?—A. Yes, sir.

Q. You had no influence as regards the publication of the story in the Glasgow edition?—A. Not at that time, no, sir.
Q. On page 4 you give your reasons why you decided to publish the story, and No. 2 states that one of the reasons was the categorical assurance that no breach of a 'D' notice was involved. What other reason had you for printing?—A. I do not quite follow. The reason I had for printing was that it was a story of major news interest.

Q. You were quite clear in your own mind after you had heard about this story that the 'D' notice did not apply, and nevertheless you decided to go ahead. Why?—A. Because it was an important and significant news story.

Q. You were not in any way influenced by any representations made to you by Colonel Lohan who did suggest—correct me if I am wrong—who did suggest on more than one occasion to Mr. Chapman Pincher that it was a matter of security.—A. That is correct, sir.

Q. And are you not influenced by matters of security?—A. Obviously sir, I think any responsible person is influenced by matters of security, but equally if one is editing a paper one has to be on one's guard against matters of security being used to hush up a thing which a Government does not want to get out, and the same thing would apply if we discovered mail in the country was being censored.

Q. The Foreign Secretary phoned Sir Max Aitken round about ten to 10.15 on the night of the 20th. According to your statement he apparently did not know what Mr. Brown was talking about?—A. Correct.

Q. You were at the dinner?—A. Yes, sir.

Q. Did he speak to you about it?—A. About the telephone call?

Q. Yes. Did he not say to you, "The Foreign Secretary has been on the phone and is telling me some story, and I do not know what it is all about"?—A. That I have recorded in my evidence. That is exactly what he did do.

Q. That he did not know what it was about. Did you know what it was about?—A. I did not know, otherwise I would not immediately have telephoned Glasgow.

Q. Even at 10.15 you did not know that this matter of the story was under consideration?—A. I was well aware that the story had been printed in Glasgow, and I was not aware that the Foreign Secretary was interested himself in a story and had come on the phone to say to Sir Max "You are printing a story from Glasgow which is under 'D' notice".

Q. But Sir Max told you the Foreign Secretary had spoken to him on the telephone?—A. Yes.

Q. And he did not know what it was about?—A. Yes, sir.

Q. Would you be good enough to look at your evidence on page 7 where you say that you were quite certain that the only undertaking given by Sir Max to the Foreign Office was that if the story was under 'D' notice it would be stopped.—A. Yes, sir.

Q. Sir Max Aitken was not aware of what the Foreign Secretary was talking about?—A. The answer to that is simply that if we were running any story under 'D' notice we would clearly take it out, whatever the story was.

Q. Only it had already appeared of course.—A. If we were running a story under 'D' notice, we would take it out.

Q. Is there much point in taking it out after it appeared in one of the editions?—A. That was a request from the Foreign Secretary.

Q. What is your view about it?—A. I do not think there is much point in taking it out.

Q. You did take it out?—A. I was prepared to take it out.

Q. You were prepared to take it out?—A. Yes, sir.

Q. Why?—A. Because Sir Max had said to the Foreign Secretary that if it was under 'D' notice we would take it out.
Q. It was only because of the statement made by Sir Max that if the ‘D’ notice applied it would be taken out, and it was because of that you were prepared to take it out?—A. Yes, sir.

Q. You did not take it out?—A. No, sir.

Q. Throughout the whole of this affair, Mr. Chapman Pincher indicated in conversations, prolonged conversations, repeated conversations from Thursday until Monday, at lunch and all the rest of it, and your deputy editor, I think Mr. Johnson, had been informed by Mr. Chapman Pincher about it, and the representations made by Colonel Lohan on frequent occasions, almost pleading that the story should not be published; in addition to which the Foreign Secretary phoned Sir Max Aitken, and obviously the Foreign Secretary—you may not agree with me—would not have phoned Sir Max Aitken unless he regarded it as a matter of considerable importance—but you decided to go ahead?—A. As far as the conversations that Mr. Pincher had with Colonel Lohan are concerned, he would naturally conduct this and hear him out until he reached a conclusion before saying anything to anybody, and then he mentioned it to me, quite properly, and my deputy, in fact Mr. Raybould, and Mr. Johnson is the night Editor, they were informed immediately after I had been informed. Obviously we attached, or I attached, because it is my responsibility, importance to what Colonel Lohan had to say. Equally I must say again one has to consider why a plea of national security has been made for something which is not covered by the ‘D’ notices, and one is driven to the conclusion that it was something which the Government for its own reasons wished to keep quiet.

Q. Within your knowledge, Mr. Marks, which is considerable we all know, have you ever known of an occasion when there were some doubts as to whether the ‘D’ notice could apply to any particular affair, any incident, but at the suggestion of the Government of the day your attention was directed to a possible infringement of security, and a newspaper decided not to publish?—A. Not within my personal experience.

Q. You have never known of it?—A. Not within my personal experience, no.

Q. Is it a possibility?—A. I should think so, yes.

Q. Had you any other motive for proceeding?—A. None at all. My motive for proceeding was simply that this was obviously a matter of major public importance which should be printed, and that is the responsibility one has to carry.

Q. Do you consider that cable vetting is a matter of public importance?—A. Yes, sir, exactly the same way as I consider the opening of mails as of public importance.

Q. Why?—A. Because these are private and personal communications.

Q. It is an invasion of privacy?—A. Exactly.

Q. Had you any complaints at any time that this was an invasion of privacy?—A. No, sir.

Q. From an industrial firm?—A. No, sir.

Q. From any individual?—A. No, sir.

Q. Any letters to the editor?—A. No, sir.

Q. And yet you proceeded to publish. You regarded it as a matter of profound importance?—A. Yes, sir.

Mr. Selwyn Lloyd: Mr. Marks, do you think the ‘D’ notice system works well?—A. On the whole I think it works very well indeed.

Q. You would always feel that you could argue whether a particular ‘D’ notice applied or not?—A. Certainly.

Q. Would you take Mr. Chapman Pincher, if he said that he was satisfied it applied . . .—A. I think Mr. Pincher and I would most probably have agreed on what one is arguing about and where there is no case to argue.

Q. If you felt that it was being contended by Colonel Lohan that ‘D’ notices applied and you did not agree, you would argue with him?—A. Indeed.
Q. What I do not quite understand is what happens when strong pressure is exercised. Does that frequently happen, that strong pressure is exercised to try to persuade you not to use a story?—A. From whom?

Q. Mr. Pincher told you that Lohan had agreed the ‘D’ notices did not apply, but he, Colonel Lohan, was under very strong pressure to persuade you not to use the story.—A. No.

Q. Does that frequently happen that strong pressure is exercised apart from the ‘D’ notices?—A. Not overtly, no, sir, not on these sort of matters.

Q. I can remember the days of the diplomatic correspondent when there might be news where the Foreign Office did not particularly want stories to be emphasised and you would be asked not to. Does that happen with these defence stories?—A. It happens quite a lot in all fields. To give you one recent example, when they recently moved the headquarters of the Metropolitan Police in New Scotland Yard to Victoria Street, the Commissioner did not want that move to be publicised beforehand. It must have been apparent to any crook in London who was interested that it was going on because you cannot carry out an operation of that scale in secrecy, but nonetheless no one reported it, and it was a perfectly reasonable and legitimate request for us not to report something.

Q. And Government Departments do from time to time ask the press not to do things?—A. Particularly the police.

Q. You would regard it as within your discretion to decide whether to accede to such a request or not?—A. Oh, certainly.

Q. And you looked upon this pressure that Colonel Lohan was exerting as a matter about which you really had discretion?—A. Indeed.

Q. Is that really satisfactory? Do you think there ought to be some greater formality, if a Government department wants something not to be published on general grounds do you think it ought to be formalised in some way?—A. You will then at once postulate a censorship of the press.

Q. Would it be possible to have some extension of the role of this voluntary committee to deal with this kind of request?—A. I think they could give their endorsement to the request, but I think if we are going to continue to have a free society it must remain a request, and we cannot have Government departments telling newspapers what they shall or shall not write.

Q. I quite accept that, but I was wondering whether there was any improvement in this machinery possible, because the sort of phrase “under strong pressure to persuade you not to use the story” seems a very vague situation. Do you think it would be possible to extend the work of this committee in some way to cover a case which was not strictly within the ‘D’ notices?—A. I think, sir, that if Colonel Lohan had really wanted to invoke the ‘D’ notice he could have tried to get the help of a couple of press members of the ‘D’ Notice Committee, and persuade them that it applied. We would at once on this one have argued that it did not apply.

Q. I am really exploring this on your version. Colonel Lohan was laying them on one side and trying to persuade on general grounds?—A. Yes.

Q. Do you think there is any scope for an extension of this voluntary committee, that when there is a feeling something ought to be stopped on general grounds it could be handled through this committee?—A. It would depend upon the speed with which action was necessary. Obviously they can always call the committee in and get the committee to endorse the advice, but as we stand now—

Chairman: I think this is very important to us. “Endorse the advice” could take the form of adding that the press representatives sent a new ‘D’ notice out or sending out a special notice that they regarded the existing ‘D’ notice as covering it?—A. Either way, a new ‘D’ notice, or saying that the existing ‘D’ notice is held to cover this particular activity.

Q. And that would involve getting hold of two or three press representatives on the committee, and getting them to agree if they would?—A. Yes. it would.
Mr. Selwyn Lloyd: With regard to the move of Scotland Yard, no newspaper reported that?—A. None at all.

Q. How was that arranged?—A. Because the Commissioner of Police sent a note round asking us not to report it.

Q. How did you know other papers were not going to?—A. First of all, if anyone else did do, it is not the sort of thing one would violate in any way, but I was quite certain the others would not because the Commissioner of Police is very reasonable in what he asks, and he has probably to make more requests to us than anybody else, and he always couches them very civilly and takes the greatest pains to see we are informed as soon as it is lifted.

Q. That happens without any machinery at all?—A. That happens without any machinery at all other than a confidential message from the Commissioner of Police to the editors of all papers.

RE-EXAMINED BY SIR PETER RAWLINSON

Q. You were asked, Mr. Marks, about this story generally, and the interference with privacy and liberty. I am going to read you some words from a report of a Committee of Privy Councillors ten years ago to see if you agree with them or not:

"There is no doubt that the interception of communications, whether by the opening or reading of letters or telegrams, or by listening to any recording conversations, is regarded with general disfavour."

Is that your view?—A. Certainly it is.

Q. Were those Privy Councillors correct?—A. Certainly.

Q. I think there was a reservation by Mr. Gordon Walker, who was one of the Privy Councillors, which read:

"Public repugnance to the interception of communications has, it seems to me, increased and there should therefore be a further restriction upon the use of this power for the purposes of the detection of crime."

dealing with crime. Do you think that?—A. I do indeed.

Q. When you had to consider this particular story, quite apart from the security element in it, did there seem to you to be other elements which were of importance as well as the security element?—A. Yes. I have already said there had been recently quite a row about telephone tapping, which was fresh in the minds of people, and obviously no Government likes to have things stirred up immediately after one row of this nature.

Sir Peter Rawlinson: Finally, Mr. Marks, you were asked, you remember, about why you turned as it were straight away to Glasgow after Sir Max had said the word "Glasgow" to you. You said something about Polaris straight away?—A. Yes.

Chairman: Thank you.

(The witness withdrew)

SIR MAX AITKEN CALLED

EXAMINED BY SIR PETER RAWLINSON

Q. Are you the Chairman of the Board of Beaverbrook Newspapers Ltd?—A. Yes, I am.

Q. On the evening of Monday 20th February, were you at a dinner at the Garrick Club in honour of Trevor Evans, who has been one of the labour correspondents of the group for many years?—A. That is correct.

Q. And was also Mr. Marks present?—A. Yes.
Q. Were you sitting near to Mr. Marks?—A. I should think—he was on my
right, seven or eight away.

Q. Had you seen Mr. Marks and spoken to Mr. Marks before the dinner?—
A. No, only to say—I arrived just as he arrived—and I said hello.

Q. Had you any idea while you sat at dinner and had your dinner that
evening and listened to speeches, had you any idea of the story which was subsequently
published in the Express about cable vetting?—A. No, none.

Q. At some time were you called to the telephone? First of all, at what time?
—A. It must have been about 10 to 10.15.

Q. You were called to the telephone. What was said to you when you were
so called?—A. I got a message saying Mr. George Brown wished to speak to me
on the telephone, and so I left the dining room, and I thought that there would
be someone to show me to a box, but I could not find anyone and I went down to
the porter's box on the ground floor, and asked where Mr. George Brown was
ringing from, and they did not know. So I rang the Daily Express and said
did they know of a call from Mr. George Brown, and they said Yes, he was on the
line and had been hanging on the line.

Q. Did you speak to Mr. Brown?—A. Yes. I said "Can you put me through? ",
and they did.

Q. What was said, in your own words, when you were connected?—A. We
said Hello to each other in a pleasant way, and then he said he wanted to discuss
with me a story that was running in our Glasgow edition, and that was under a
'D' notice. Then he said he wished I would do something about it, and take it
out. I said that I did not know anything about the story, but if the story was
under a 'D' notice I would certainly have it taken out.

Q. Did you say anything about anybody on the staff of the newspaper?—
A. I said that Derek Marks was with me and I would speak to him immediately.

Q. You were speaking, you say, from the porter's box?—A. Yes.

Q. That is in the hall of the Garrick Club, is it?—A. That is in the hall, yes.

Q. Downstairs?—A. Downstairs.

Q. After you said you would speak to him what did the Foreign Secretary say?
—A. He said that if I would hold it up for 24 hours there would be a better story.
That is as far as I can recollect that part of the conversation.

Q. Did you understand what he meant by that?—A. No, I did not under­
stand what he meant at all, and I did not ask him.

Q. Had you any idea of the subject matter of the story about which he was
speaking on the telephone?—A. No, he did not say anything about that at all.

Q. Was that the end of the conversation, or was there any more?—A. No, that
was the end of the conversation.

Q. Did you come out of the box?—A. Yes.

Q. Did you see anybody as soon as you came out of the telephone box?—A.
Yes, as I came out one of the senior executives of the Daily Express, Harold
Keble, was coming down the stairs, and I asked him where he was going, and he
said, "I am going straight back to the office." I repeated this to him, I said
"Mr. George Brown has been on the telephone and he says we are running a
'D' notice story in Glasgow." I said to Keble, "Please see what it is all about
and let me know."
Q. Did Mr. Keble then leave the club?—A. Yes.
Q. Where did you go?—A. I went then immediately upstairs, back to the dinner, and walked behind the guests and stood behind Derek Marks.
Q. When you left the dinner had someone been making a speech?—A. When I left, yes.
Q. When you returned the speeches had finished, had they?—A. Yes.
Q. You walked behind the table to where Mr. Marks was sitting?—A. Yes.
Q. Did you speak to him?—A. Yes, I did.
Q. What did you say?—A. I said that Mr. George Brown had been on the telephone to me and had told me that we were running a story in Glasgow which came under a ‘D’ notice. I also said to Mr. Marks, “I have told the Foreign Secretary that if this is the case we must take it out.”
Q. Did Derek Marks say anything to you?—A. He said, “I will find out what it is.”
Q. Did you see him then leave the room?—A. He left the room immediately.
Q. And you went where?—A. I went back to my seat.
Q. Did you see Mr. Marks again that evening—actually see him?—A. Yes, he came back in about ten minutes and said that he had been on to Glasgow and they said that they did not know what he was talking about, and he now assumed that this was the cable vetting story which was the lead of the newspaper.
Q. Had you heard the words “cable vetting” before then?—A. No, not at all.
Q. Did he say anything about the cable-vetting story and Colonel Lohan?—A. What he said then was, “I think the Foreign Secretary must be under a misapprehension because Colonel Lohan has cleared the story and no ‘D’ notice applies”.
Q. What did you say when Mr. Marks said this to you?—A. I said that in that case we must get back to the Foreign Secretary and explain to him, as a matter of courtesy, because he had rung me, that no ‘D’ notice did apply and therefore we were going on with the story.
Q. When you first heard the words “running the story in Glasgow” did any kind of story immediately come to your mind?—A. No.
Q. None at all?—A. I could not think what it was, no.
Q. After the dinner did you go back to your flat?—A. Yes.
Q. Did you speak later to the editor?—A. I spoke to the editor. He said that he could not get in touch with the Foreign Secretary; he had tried; and he said that he had told Mr. Greig that Colonel Lohan had cleared the story and he hoped—I expect he thought—Mr. Greig would pass the message on to the Foreign Secretary because we could not get him on the telephone.
Q. Is there any doubt in your mind, Sir Max, about your use of the word “if” in the phrase, “If we are running a story under ‘D’ notice we will take it out”. Is there any doubt in your mind?—A. None at all, no.
Sir Peter Rawlinson: Thank you.
Chairman: Sir Max, I have one or two questions. How long would you say the telephone conversation between you and Mr. Brown lasted?—A. Sir, it took me a little time to get downstairs because I could not find the box, and I would think the conversation took two or three minutes.
Q. Not more?—A. No.
Q. I think it is common ground between you and Mr. Brown that the subject of the story he was speaking about was not mentioned between you?—A. No, it was not, sir.
Q. You did not know, you tell us, what the story was, and he did not give it a subject or a title?—A. No, sir.
Q. Then Mr. Brown's recollection was I think that he did not make reference to the Glasgow edition. Is your mind quite clear that that was the way he spoke of it?—A. Yes, sir, my mind is quite clear on that.

Q. If the story was under 'D' notice you did not know what the subject of the story was and you were not told?—A. Yes.

Q. Obviously misunderstandings can arise over this sort of exchange. Did you stress the "if", or did you just say, "If it is under 'D' notice we will take it out"?—A. It is rather hard to say that. I said, "If it is under a 'D' notice", just like that: "If it is under a 'D' notice I will take it out".

Q. Now this thing about a better story which you say you understood from him: that does not agree with Mr. Brown's recollection because, as I understand him, he was not speaking of you if you waited for 24 hours getting a better story to print; he was really saying—or I think he rather got the impression you were saying, "Well, if we take it out we shall want to know all about it". Was not that the way the exchange went?—A. No, Sir, not really. I could not understand what he meant. He said, "You hold it up for 24 hours and there will be a better story", or "There will be a story", or something like that. I could not understand him. But what I did understand perfectly well, which alerted me very seriously, was that we were running a story under a 'D' notice, and this was what worried me.

Q. But you did realise that if you did hold it up you were going to be offered some further information about it?—A. That is what I rather gathered, sir, yes.

Q. Did it seem to you he was saying, "And that information will enable you to print a fuller account when you do"?—A. That is what I gathered, yes.

Q. I rather get the impression you were not very clear as to what the offer was, or what the condition, or whatever it was was, was?—A. No, sir, I was not.

Mr. Shinwell: When the Foreign Secretary telephoned you he appeared to be emphatic that this story was associated with a 'D' notice?—A. Yes, it was a very friendly conversation, sir.

Q. But you had no doubt that was in his mind, that he was quite clear that the 'D' notice applied to this story?—A. No doubt about it.

Q. But subsequently in your talk with your editor he took the opposite view?—A. Yes, sir, he took an opposite view of the fact, that the story had been cleared by Colonel Lohan, and when he told me that fact I said, "Then the Foreign Secretary must be under a misapprehension".

Q. I presume you are aware that Colonel Lohan in his evidence did indicate that he tried to convince Mr. Chapman Pincher that the 'D' notice was relevant, but then he took another line when that failed and appealed to him on grounds of security?—A. Yes.

Q. Could I ask you, as a responsible newspaper proprietor, when there is any doubt in the newspaper world among editors and those associated with the editorial staff and so on about whether a story should be published or not, if there is an indication from government sources that it might impinge on our security, what would be the appropriate action?—A. I think the appropriate action, sir, must be left with the editor. The editor discusses with me policy. I must trust the editor implicitly, as indeed I do.

Q. But you would be speaking as a citizen, a responsible citizen, that when there are doubts perhaps the matter of security is paramount?—A. Sir, all I knew that night was that the story had been cleared by Colonel Lohan, and the editor gave me that assurance. When the editor gives me that assurance then I will go along with the editor.

Q. I can only ask you in retrospect, would it not have been preferable—there were doubts, obviously Colonel Lohan had doubts: there was a conversation, almost a controversy, between him and Mr. Chapman Pincher—in retrospect would it not have been better not to print the story?—A. No, sir, I do not
think so. I think if the editor's decision was to print and he had the assurance from Colonel Lohan then I would go along and in retrospect do exactly the same thing.

Q. That is, that the editor has the determining voice?—A. On news, sir, yes.

Q. When you had the conversation with your editor you were only concerned with whether the 'D' notice applied, in which case you would suggest to him that it ought not to be printed?—A. No, the editor said to me, sir, "The 'D' notice does not apply and that has been agreed with Colonel Lohan", and that was sufficient for me to back the editor in his determination—not his determination—in his judgment to print the story, and of course the story was already printing.

Q. It never occurred to you at that time that even if the 'D' notice did not apply the government had made representations through the Foreign Secretary and perhaps the story should not have been printed because of that?—A. No, sir.

Q. You claim you are primarily concerned about protecting the public interest?—A. You mean going back on the story?

Q. Yes.—A. I think the story was justified, sir.

Q. You were concerned about safeguarding the public interest?—A. Yes.

Q. But is there not another aspect which relates to the public interest, the matter of security?—A. That would have been covered by a 'D' notice.

Q. Always covered by a 'D' notice?—A. Yes, I think always covered by a 'D' notice.

Q. Can it not happen, has it never happened, that, when a 'D' notice does not apply, because of representations made by government stories have not been published?—A. Not to my knowledge.

Chairman: Thank you, Sir Max.

Sir Peter Rawlinson: I have one short witness, Mr. Munday who is in charge of the editorial messenger boys; he is going to produce a document and will be very short indeed.

MR. S. G. MUNDAY CALLED
EXAMINED BY SIR PETER RAWLINSON

Q. You are Stanley George Munday and you are in charge of the editorial messenger boys in the Daily Express office?—A. Yes.

Q. Do you remember having a telephone conversation with Colonel Lohan?—A. Yes sir.

Q. When, about, was that?—A. About two or three days after the Wednesday.

Q. Wednesday the 22nd?—A. Yes.

Q. Just very shortly tell the committee what was said, will you?—A. Mainly he said that he wanted the full names. He said, "Have you sent two boys to me?" I said yes. He said, "Was there one like Floyd?" and I said "Yes, just a moment, I will check my list." I checked my list which I had in front of me, and I said, "Yes, I sent the boy Smallman on Tuesday and the boy Floyd on Wednesday."

Q. Did it show from your list that it was on Tuesday the 21st that the first boy had gone?—A. Yes sir, and Wednesday.

Q. What happened then?—A. He said, "Could I have the full names then?" I told him David Smallman and Peter Floyd.

Q. Did you know anything about Colonel Lohan enquiring about receipts?—A. I heard later on in the office that he was after some receipts, or something like that. He was after a receipt and he wanted the boys' names for that I suppose.
Q. And you produce—it is before the committee—the original of the messenger list?—A. Yes.

Chairman: To be frank, the conversations between Mr. Munday and Colonel Lohan were not I think put to Colonel Lohan, were they?

Sir Peter Rawlinson: No, they were not, but we did not of course know at that time.

Chairman: Colonel Lohan shall be shown the shorthand note of what Mr. Munday says, and if there is anything in dispute or anything turns on it he can have a chance of coming back.

(The witness withdrew)

MR. M. GREEN CALLED

EXAMINED BY SIR PETER RAWLINSON

Q. You are Mr. Maurice Green?—A. Yes.
Q. And are you the editor of the Daily Telegraph?—A. Yes.
Q. How long have you been editor, Mr. Green?—A. For just over three years.
Q. I do not want to exaggerate, but have you had a lifetime's experience in journalism?—A. Yes, I have been in journalism all my life except for the war years.
Q. Does that mean you have also been with other newspaper groups apart from the Telegraph group?—A. I was on The Times for a long time, as deputy editor of The Times for some years.
Q. Have you read the cable vetting story which was written by Mr. Chapman Pincher and published in the Express which came out on the 21st?—A. Yes.

Chairman: Take this rather slowly if you do not mind because I want to follow what Mr. Green's point of view is.

Sir Peter Rawlinson: You read the cable vetting story?—A. Yes.

Q. I will put it before you. Just looking at that story, on the face of it does it appear to you to be in breach of any 'D' notice with which you are acquainted?—A. No.
Q. In other words, just reading that story, did it strike you as being in breach of a 'D' notice?—A. When I read the story, no, it did not occur to me it could be in breach of a 'D' notice at all.
Q. You have before you I think the 'D' notices of April 1956, October 1957 and October 1961. Over the page of the April 1956 'D' notice you will see an appendix attached to it—A. Yes.
Q. What do you say with regard to that? You will see there that some intelligence or counter-intelligence methods and activities in or outside the United Kingdom you are asked to make no reference to, and if you look at the appendix it says:—

"Note to (i). Certain methods employed in Intelligence work are to some extent a matter of common knowledge and it is thus understandable that editors would not normally regard them as secret methods."

Again, bearing in mind the story by Mr. Chapman Pincher and that 'D' notice and its appendix, do you regard that story as in breach of that part of that 'D' notice?—A. No, I reread this 'D' notice of 1956 after the question of the Daily Express story being in breach of 'D' notices had been raised in Parliament. It was some time since I had read it, but I did recall the impression which this made on me when I had originally read it. I had always assumed of course all my life the fact that there was occasional reading of cablegrams and so on for security purposes was common knowledge and that reference to it was OK. I can remember reading this and being surprised by clause (i) of the main notice. I read that before I realised there was an appendix, and then of course I turned to the appendix, the note to (i)—"Certain methods employed in Intelligence work are to some extent a matter of common knowledge", and so on, and I thought
that this after all confirmed my view. If any method employed in intelligence work is a matter of common knowledge it was presumably the interception of cables, seeing this was the one thing I think, as far as I can remember, specifically covered in the Official Secrets Act and was therefore public knowledge anyway.

Q. That phrase “common knowledge”; common knowledge to whom did you think it meant?—A. I should have thought common knowledge to everybody. I would have been surprised at any time if one had mentioned it in a company of people that it would not be treated as something which they all knew or believed to be true and recognised.

Q. Is there any restriction on the use of commercial codes and so on which persons can employ when sending cables?—A. I had always assumed, rightly or wrongly, that the reason for the restriction of business houses and so on through the regular commercial codes in the code books was so that people should not be allowed to use codes which were proof against deciphering, or which made deciphering more difficult.

Chairman: Mr. Green, if you do not use the common accepted codes you may invent a code of your own, using plain language, surely?—A. I am not expert in this, sir.

Q. The purpose of protection is to see whether plain language cables are not themselves a code of their own.—A. I had never regarded for example the ordinary standard abbreviations which we use—we use strange words in press cables—as being codes. I dare say they are in some sense.

Sir Peter Rawlinson: I was on the point of the cables being seen by anybody other than the clerk taking the cable or the person receiving it. The fact that there is a restriction upon codes, does that in any way in your view indicate that other people do read cables?—A. I had always supposed so.

Q. Were you aware of the report of the committee of Privy Councillors in 1957—were you on The Times at that time?—A. Yes.

Q. That dealt with interception and actually gives the number of cables which are intercepted and actually gives the number of letters intercepted, does it not?—A. Yes, I seem to remember it.

Chairman: It is in the appendix, is it not?

Sir Peter Rawlinson: It is in the appendix; paragraph 120 in fact deals with letters and telegrams. Anyhow, when it was common knowledge—obviously perhaps a man in Ilfracombe or wherever it may be may not know cables were being vetted—but what is the purpose of the ‘D’ notice? Is the purpose of the ‘D’ notice to prevent people knowing what is happening, or is it to assist the Security Services?—A. I have always regarded it as a matter of helping the newspapers by means of guidelines which are issued by the ‘D’ Notice Committee, where matters are discussed between press and broadcasting people and Defence people on the other side to help us with guidelines, to help us to see where we can draw a balance between the public interest generally and the particular public State interest in keeping certain things dark.

Q. Are these to be interpreted as it were like a lawyer interpreting a deed or a statutory provision, or is it for the journalist to look at them and make his judgment?—A. I have regarded them as things put out to help us and to enable us to make a good judgment. I do not regard them as regulations. If I regarded them as regulations I think I should complain about most of them on the grounds of their being ambiguous and obscure, and so on. It is the nature of things put out for general guidance to be sometimes a bit ambiguous and obscure.

Q. Do you think, just on that, that cable vetting was a secret intelligence method which was secret to spies or agents or other Security Services—do you think that is so?—A. I think I originally read this clause (i) “secret intelligence or counter intelligence methods” as being rather ambiguous. I think at first sight it seemed to me to rule out almost anything, and therefore it was not until I turned to the appendix to see whether there was some explanation of this rather broad and perhaps not very meaningful statement that I seemed to see what I thought it meant.
Q. After the 1957 committee of Privy Councillors had reported on the interception of communications, which included telegrams and mail, the letter of 31st October, 1957 was written. It refers there to the Privy Council’s report on telephone tapping, and it says in view of that report you are no longer being asked to maintain secrecy on the use of telephone tapping as one of the methods employed by the security services. It has been suggested that if telephone tapping has been taken off the secret list this did not take off cable vetting and I suppose letter opening. Do you agree with that, that letter opening, the fact that letters are opened and cables are vetted, is a matter which you are recommended not to write about under ‘D’ notice?—A. No. I must admit that before the notice on telephone tapping I think I would probably have regarded telephone tapping as a thing which one probably was at liberty to mention the existence of anyway, but I would not have regarded this letter on telephone tapping as having anything to do with cables. I had the idea myself that cables were the one thing which were specifically covered in the Official Secrets Act and therefore could be regarded as by far the commonest and best known form of interception.

Q. If a story were brought to you this afternoon that all mail letters were being intercepted, opened and read by government officials—just suppose that as a hypothetical question—do you think you would be forbidden under that ‘D’ notice to report this?—A. No.

Q. Just look now at the October, 1961 ‘D’ notice, clause (2):—

“The various methods used in the interception of foreign communications for secret intelligence purposes. In this connection the Committee request that you will not refer to the fact that on occasions it is necessary in the interest of defence for the Services to intercept such communications.”

Do you think that has any application to the cable vetting story, in your judgment as an experienced journalist?—A. I must say I was surprised when I came to look at this carefully, after the incident of the Express story and its discussion in Parliament, how ambiguous and obscure it appeared to be. It was not a thing which I had noticed very much at the time because what I thought was the ‘D’ notice committee’s attitude to the general question of cable examination and interception was already clear. I would always suppose, in the way these ‘D’ notices work or are intended to work, that if it had been intended to put a new restriction on the general practice of the Security Services occasionally intercepting and looking at cables, I would have expected the ‘D’ notice to make things absolutely clear. Normally if a new restriction is put on it is made absolutely clear you are being asked to repress something or not to talk about something which you were talking about before. But this was not so in this case. Looking at the wording, I must admit it looks highly ambiguous and very difficult to understand.

Q. Do you think generally then that that cable vetting story is a clear breach of either or both or of any of those ‘D’ notices?—A. I do not think it is a breach of any of these ‘D’ notices, certainly not a clear one.

Q. You can perhaps help us on this, Mr. Green, from your experience again. If a ‘D’ notice does not apply or is laid aside but you do receive a personal request from Colonel Lohan not to publish a particular story, is there in your view any discretion left to you? Do you have to comply with that request, or can you make up your own mind whether to intercept it or not?—A. Most certainly one has every discretion. It is a request which one would regard carefully, much in the same way as one would regard a request from some high official of the Ministry of Defence, but one certainly is absolutely entitled to use one’s discretion about how far one meets a request, and that is to say not only in theory but in practice. We have had these requests from time to time; sometimes we have complied with them completely, sometimes partially, sometimes not at all. They are a matter of discussion in the office.

Q. You say you have had these requests. In what form have they reached you—through the Colonel, through a separate approach from the Ministry, or what?—A. I am thinking entirely of requests from the ‘D’ Notice Committee, from Colonel Lohan or his predecessor.
Q. A personal approach, or a circular on the paper of the committee?—A. I do not think we would regard it as anything other than personal, individual, if it was simply on the paper of the committee. If it said, "I am asked by the committee", I think one would treat it slightly differently then.

Chairman: I do not know which you are saying. Not something on the authority of the committee?—A. I am thinking of the answer to the question. I was asked about personal requests not specifically in writing on the authority of the committee.

Q. And in regard to them, whether from Admiral Thomson or from Colonel Lohan, you have regarded the matter as being one for your editorial discretion, is that right?—A. Yes.

Q. Listening to the arguments which he advances, and weighing them against any other arguments you think ought to be applied?—A. Yes indeed, sir.

Sir Peter Rawlinson: If the personal request was made on the grounds that publication of this story would jeopardise specific security operations which were then in train, what do you say would be the position then?—A. Of course in this case one would ask a certain number of questions on one's own account.

Q. If you were satisfied he was saying definitely there was some specific operation going on?—A. This of course would weigh with one tremendously. I cannot think of a practical case, I am afraid.

Q. It would weigh with you tremendously, the fact that it was a specific operation?—A. Yes. Would that be in the nature of some evidence that there really was a very important security element in this particular story?—A. Yes. Could I give one illustration of that? This was a case which stood a long time in my mind, where we did both consult Colonel Lohan and also accede to his request in certain particulars; I think probably it is a good example. This was a case where we did get a report, a reliable one, about a high level Russian defector, Dolnytsin was his name and we did refer this for advice to Colonel Lohan in case there should be some particular angles in it. His request was that we should not publish the story at all, but we were not willing to accede to that. In the light of the fact that they thought the Russians did not know where this chap was and we did, we did publish the story but without his name and without his present whereabouts. We did publish his name subsequently, but that was because it was put out by the 'D' Notice Committee itself on the tape; this was another thing. This is the kind of relationship one would have.

Q. Just one question on a general matter. Is it strange at all in the newspaper world that the proprietor does not know what is going to be in the paper on a particular evening, in your experience, you have worked in different newspapers?—A. Most proprietors would hardly ever know.

Sir Peter Rawlinson: Thank you, Mr. Green.

Chairman: We are grateful to you for coming here and helping us with your views but I just want to see how long your experience of the 'D' notice world is. Did you work at The Times, from where you came to the Telegraph, involve you with troubling yourself with 'D' notices?—A. It did for ten years or so.

Q. These particular ones, April, 1956 and October, 1961, have you in your working experience either at The Times or the Telegraph had to puzzle out their actual application in a particular case or cases?—A. I cannot recall any instance, no sir.

Q. So your views on what they extend to and what they mean really arise as an experienced newspaperman from looking at them with careful scrutiny when this particular question of the Daily Express's article arose, is that right?—A. Very nearly, sir, but not quite. I had certainly very firmly in my mind the idea that certain general practices which are common enough to all intelligence services all over the world could be freely mentioned, but without any reference to particular systems or techniques. That is what stood in my mind.
Q. Yes, I understand that, but had you actually faced the question, if that is all right how does it tie in with these particular ‘D’ notices?—A. I cannot recall anything, sir. I do not think I would have had to really.

Q. That is what I wanted to know. Then we look at the April 1956 notice as we have been doing and try to see what we can make of it. I am not absolutely clear how far you go. Sub-paragraph (i) refers both to methods and activities, does it not?—A. Yes sir.

Q. And therefore we have not only got to think of methods; we have got to think of activities or operations. Would that be right?—A. Yes sir.

Q. And you say it is very difficult to know what it covered by some intelligence or counter intelligence methods and activities, but as regards methods there is some help given by the note over the page which refers to common knowledge. In your view of it what is a secret method nowadays? You say people can see that there can be cable vetting from looking at the Official Secrets Act if they have it. You can say that the report of the Privy Councillors in 1957 makes it plain that governments will exercise both vetting of mail and vetting of what they call telegrams under the restrictions which they recommend there. Then no doubt there are certain ways of conducting intelligence by visual aids, photographing documents from a great distance when people do not expect it, listening devices like bugging, breaking down radio transmissions and all that; all of those are known about as weapons of government, are they not?—A. Yes sir.

Q. Is it all right to say that any particular one of these is being operated by your own government?—A. I would have thought any one of those, in the sense of a generalised method, and the reason I define the use and interception of cables is that I would always have said the general use of telephone tapping. I would look much more carefully if a thing were referred to me if there was anything which indicated a particular type of people who were using it, or particular areas where it had been used, or anything like that.

Q. So there really are no secret methods, because all of them virtually are known about in a general sense; is that right?—A. These obvious methods I would say so.

Q. Yes, I think they are all obvious. Then what about the activity? I would not have thought that cable vetting, with respect to you, as we learn about it, was conducted publicly.—A. It is not conducted publicly—certainly not.

Q. Well then, is it not a secret activity? I am putting it to you perhaps in a legal way, but after all some legal consideration has got to be given to these documents. —A. I do not see quite how there can be a method employed unless there is some activity in employing the method; it seems to me rather two sides of the same thing. When ‘D’ notices talk about activities I should have thought what would spring to my mind would be actual things being done by particular people or particular groups or types of people whereby they might be identified in some way.

Q. I see. “Agents working for Government security services are at present making a very wide use of special listening devices”—do you think that would be all right as a piece of newspaper information under these ‘D’ notices?—A. Yes—I might have a reservation about the words “very wide”.

Q. I thought you had in mind that if you said a particular street down in Rotherhithe was being fitted up by security agents with listening devices that would be objectionable because it would be a tip off?—A. I certainly would not say it was being done in the London area or the Midland area; I would regard that as not right.

Q. You say about the 1957 one about telephone tapping that you do not think that telephone tapping in general was ever covered by ‘D’ notice. But that is not consistent with what the Press and Broadcasting Committee are saying there, is it? I think if you read it through it is plain that because the Privy Council’s report has made the practice, subject to conditions, common knowledge, in view of that you can no longer be asked to maintain use of secrecy in
telephone tapping as one of the methods used by the security services. I should have thought that was saying "We think the 1961 one covered telephone tapping but it has now become common knowledge". Would that not be the interpretation you would give to it?—A. Yes, that is so. One does not of course under normal circumstances take very careful note of a 'D' notice which tells you you can do something.

Q. That means, you say, telephone tapping is open and you go ahead—A. Yes.

Q. I would have thought if you did read it and say "What on earth do they mean by the 1956 one?" it is fairly plain it covered telephone tapping as a method.—A. I seem to remember it being discussed in the office from the point of view that one supposed the general existence of telephone tapping could be referred to, that this was in a sense confirmation of one's view. But I agree it appears to suggest that the 'D' Notice Committee themselves have taken a different view.

Q. Then you say the more you look at the October, 1961 one, the more difficult it is to be sure what it is referring to. And you say generally that you think the 'D' notices that we have are ambiguous in their phrasing. I just want to get your attitude towards them—to be taken as guidelines rather than as statutory regulations, assuming a statutory regulation is not ambiguous?—A. Yes.

Q. But it cannot be quite that, can it, because after all the whole importance of the wording is that it has been worked out between those representing Government security—I use the general phrase—and press people who are accustomed to press life and its needs and conceptions, and a particular form of wording has been hammered out by compromise. But if they are to succeed, then everyone receiving them must more or less give them the same interpretation; otherwise they would be no help, would they?—A. Well, I should think they still would be a great help even if it were not possible to make them so clear that every newspaper interpreted them in precisely the same way.

Q. But if you in the Telegraph were reading a notice which had come from the committee in one way and another paper was reading it in another way, and one went ahead and thought he could publish and the other one did not, that would be a matter of complaint at once, would it not?—A. I do not think we would be inclined to complain if another newspaper took a different view of the meaning of a 'D' notice than we did. I think we are prepared to accept that price for a system we value. I do not see how it would be possible to get a notice which every newspaper would interpret in precisely the same way in each individual case.

Q. No, not precisely. That is no doubt why references do come in to the secretary, who is regarded within limits as an interpreting agent, and he does try to harmonise where there is any ambiguity. But if you had a story which you thought was subject to 'D' notice and another newspaper had the story and they thought it was not subject to 'D' notice, would you not think there was something wrong with the system if you threw your story away and the other newspaper published it?—A. I might think there was something wrong with my own judgment. I would not object to that happening occasionally, no sir.

Q. I had a long experience in the past of this kind of situation and I never knew a newspaper who were agreed that if they read a 'D' notice one way and another newspaper read it another way and they came out with the story they would say the other one was wrong, what are you going to do with it. But in peacetime you do not think it is an contentious as that?—A. I should have thought it was impossible to frame these 'D' notices on such general topics without there being a possibility of some difference of interpretation.

Q. But would you think it was an improvement to the system where if there were ambiguity a newspaper was regularly asked to refer to the secretary for an interpretation—I do not mean a ruling, but an interpretation?—A. No, I would not like that.
Q. You would not think that was acceptable to the press?—A. I do not think it would really be necessary or convenient.

Q. You cannot think of any improvement of the system under which there would be an effort made to get greater harmony in interpreting what the ‘D’ notices mean, apart from re-drafting them better?—A. No sir, I would not really like an attempt made to clarify these ‘D’ notices to give them the sort of standing of absolutely clear regulations of which there could be only one possible interpretation in any individual case. I would think that would soon become a tight censorship system. I do not think the ‘D’ Notice Committee could work that way.

Chairman: Well, thank you for your view.

Mr. Shinwell: About your references to the ‘D’ notices being merely a guide line, you do not regard ‘D’ notices as binding?—A. I do not regard it as a binding regulation, because I do not feel they are put in that form. So many things are covered in that there cannot be an absolutely strict regulation. They cannot be drawn up in relation to individual cases, the individual story, with which one actually has to deal in practice. I think one would certainly regard as binding a ‘D’ notice which says perfectly clearly, as so many of them have, with regard to some piece of equipment, “You can mention the speed but not the horse power, but the cost is all right” or whatever it may be. These are perfectly clear details which have been sorted out, and I should have thought these were morally binding on a newspaper—clear details of a piece of equipment. In all other there must be an element of interpretation, as I see it.

Q. But when you say that a personal request has not the force of a ‘D’ notice, what do you mean?—A. A ‘D’ notice certainly has much greater authority. This is something which has been discussed in common viewpoint arrived at between people who are in some sense representatives of the press and of the broadcasting organisation together with the Defence people on the committee.

Q. Are you not really saying that if you do not think a ‘D’ notice possesses force that it is very much in the nature of compromise and you can use your own discretion?—A. There are obviously limits to which one is morally entitled to use one’s discretion on a subject covered by ‘D’ notice.

Q. Have you ever disregarded a ‘D’ notice?—A. There have not been any ‘D’ notices for some time as far as I remember, but the only one I can remember where we did disregard it, and for perfectly good reasons, was not an actual ‘D’ notice but a notice put out by the secretary on the authority of the ‘D’ notice committee, and that was in this incident to which I referred earlier of the Russian intelligence man who defected, Mr. Dolnytsin, where the message came out not to use his name, but as his name had already appeared on the tape from the ‘D’ Notice Committee there was no point in not-mentioning his name.

Q. But a personal request had been made to you?—A. Yes.

Q. It had not the force of a D notice. That was the request not to publish it at all.

Q. And you published it in a vague form, not giving details of personalities involved. You responded to a personal request there?—A. In part.

Q. So that it is possible, if there is no validity in the ‘D’ notice, at the discretion of an editor not to print if there is a submission made by a Government department?—A. It is certainly within the editor’s discretion.

Q. May I turn your attention to what you said about cable vetting being a matter of common knowledge? That is what you said, is it not?—A. Yes.

Q. You said everybody more or less is aware of it. In the Daily Telegraph, which I read every morning, do you see published on the front page sensational headlines, banner headlines, for stories about which there is common knowledge?—A. Not in preference. Maybe we sometimes do, but not deliberately.

Q. Can I direct your attention to the Daily Express—‘Sensation’ (copy shown to witness). Would you say that that was a matter of common knowledge?
I do not want you to incriminate yourself, Mr. Green.—A. The allegation that a
system which was common knowledge had been vastly extended was not itself
common knowledge.

Q. Would you say that indicated something about which everybody was fully
aware?—A. No.

Q. No. You would not publish that with sensational banner headlines, would
you? Perhaps I ought not to ask you.—A. We might have published the story
if we had ourselves grounds for supposing that it was so.

Mr. Selwyn Lloyd: Mr. Green, with regard to the system, I gather you say
you do not think the 'D' notice should be made more specific?—A. I should
be rather afraid of a system which tried to go too far in that way.

Q. Because looking at the notice of April, 1956, (ii) (iii) (iv) and (v) are fairly
specific, are they not: identities of persons engaged?—A. Yes.

Q. Information from which the number, duties or type of staff could be ascer-
tained, and information from which could be deduced the addresses, and special
methods of training. The one which bothers me is (i), which is so very vague—
secret intelligence or counter intelligence methods and activities in or outside the
United Kingdom. And then the conclusion, which says "... earnestly request
you, when in doubt, to act on the principle that as little publicity as possible
should be given to their activities". That is at the bottom of the page, just
above the Admiral's signature. So that does seem to envisage that some pub-
licity is going to be given. Construing (i) strictly one would not have thought
there would be any references to anything.—A. There is one of the contradictions
which I myself find in this particular notice.

Q. And you say it ought to be left as vague as that, with the editor of the
newspaper having discretion as to whether to obey the 'D' notice or not?—A. I
think I do. I do not find this notice, despite its technical obscurities and ambi-
guities and internal contradictions—I do not find it by any means a useless
notice. Clause (i) in the main notice and the final paragraph, which you quoted,
and the first note in the appendix are all dealing, which the other parts of
that notice are not, with very delicate ground, on which a matter of serious
moral public interest may be involved. That I think is the point at which the
journalists and broadcasting people and Defence people on the committee do
do not talk precisely the same language, and this is the sort of result that comes
about.

Q. But you feel that if ever it was represented to any paper that particular
activity was directed at certain people, in that case the paper would not pub-
lish?—A. I think so, yes. I would regard it, for example, as a matter of
common knowledge that the head of the secret service is not named and appears
in works of reference under some rather different description. It may be that he
retires. I do not think probably a reference to the fact that he had retired would
be against any 'D' notice or Official Secrets Act or anything else. But one prob-
ably would not mention it all the same. It is a particular form of something
which is generally known.

Q. Supposing you had got this story of cables being vetted and somebody
said "Look here, we are just at the point of getting a very valuable piece of
information out of some foreign delegation. Don't publish the story until that
operation is over", would you have accepted that?—A. I should be so sur-
prised if I got such a request I hardly know what I would do. It seems to be
so inconceivable that anybody should think these trading delegations, or whatever
they are, who are of any political consequence do not know. I do not believe
it would be relevant.

Q. I see. So far as the notices are concerned, do you think there is scope
for any kind of appeal body or further body to whom a dispute could be
referred—I am talking about a voluntary basis, of course. You have the Com-
mittee which authorises the 'D' notice, the secretary acts as interpreter or per-
suader. Supposing you still get the difference of opinion between Colonel Lohan,
in this case, and the editor of the newspaper? Do you think it is conceivable
to create another type of voluntary committee, or should it go back to the

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original committee or not?—A. Off the cuff I should have thought there would not be scope for such a body. It might make the organisation too slow-moving, too top-heavy. Also I am not clear what kind of body it would be. But I would not dismiss the idea; this is just an off-the-cuff reaction.

Q. Do you think the newspapers would accept an agreed period of delay, say twenty-four hours, or would they be so frightened of competitors getting hold of the story?—A. I think they would find it very difficult to accept it willingly.

(Received evidence of Mr. L. A. Lee Howard)

Mr. L. A. Lee Howard called
Examined by Sir Peter Rawlinson

Q. You are Mr. Lee Howard?—A. Yes.
Q. And you are the editor of the Daily Mirror?—A. Yes.
Q. How long have you been the editor of the Daily Mirror?—A. Just over six years.
Q. Have you spent all your life as a journalist?—A. Yes.
Q. And I think you were until your resignation on the 25th or 26th February a member of the Services, Press and Broadcasting Committee, and had been for two or three years?—A. Yes.
Q. Did you write the letter which is published in the Daily Mirror of 25th February, which was your letter of resignation?—A. Yes.
Q. Did that express accurately your opinion with regard to this cable vetting matter and 'D' notices?—A. Yes, it did.
Q. You say in that letter:

"It is with regret that I have to tender my resignation from the Services, Press and Broadcasting Committee.

I must ask you to consider me to have resigned from today's date, since I do not feel able to attend any meeting that may be called in the immediate future to discuss the dispute between the Government and the Daily Express.

Any such meeting would be a gross abuse of the functions of the 'D' Notice Committee, which in my view exists solely to provide a link between the Government, on one hand, and the voluntary acceptance by the Press, on the other, of the need to restrain publication of certain information in the national interest.

I know of no 'D' notice which would have any direct bearing on the story published by Mr. Chapman Pincher in the Daily Express. If no such notice exists, as I believe, I cannot see what possible function the Committee can fulfil in considering this dispute between a most reputable journalist and a disapproving Government.

The 'D' Notice Committee is not an instrument of censorship but a voluntary body. It has been a privilege to have represented the national Press on it; but I cannot participate in any attempt to use the Committee in a way which was never intended—and particularly to rule upon the conduct of a journalist of high integrity and his newspaper.

I would add only that my resignation in no way reflects upon the way in which you . . ."

—That is Colonel Lohan?—A. Yes.

"... have conducted the affairs of the Committee, which has earned the admiration and confidence of myself and my newspaper colleagues".

Q. Before you wrote that you had read Mr. Chapman Pincher's story, which is now before you, on cable vetting, of 21st February?—A. Yes, I had.
Q. And you are on the committee. And are you familiar with the relevant 'D' notices?—A. Yes, I am.
Q. I think you have before you now the 'D' notice of April, 1956, the letter of October, 1957, and the 'D' notice of October, 1961?—A. Yes.
Q. What do you think about checking cables? Is that in your view a secret intelligence method?—A. I think that it could be a secret intelligence method; I do not think it is one in the normal sense, and not in the sense that was used here.

Q. When you say not in the sense that it was used here, what do you mean by that?—A. I mean this is a story about a practice which has been going on for many years and is a general story, the general looking at cables and telegrams, and is not about anything specifically secret as is expressed in 'D' notices.

Q. But would the checking of cables be in your view common knowledge?—A. Yes, it would be common knowledge to anyone in the intelligence services of, I should have thought, any country.

Q. And the object, as I understand it—correct me if I am wrong—is that a 'D' notice is a letter of advice and request not to publish in the national interest?—A. Yes, that is so.

Q. It is not directed, is it, just to keep quiet from the general public what goes on, but it is to help in preventing foreign intelligence from finding things out?—A. Yes, that is quite right.

Q. Therefore in that context would cable vetting be a secret intelligence method?—A. I do not quite understand "in that context".

Q. Well, in the context of what I think you have indicated before, that the whole idea of 'D' notices is to try and prevent publishing intelligence methods and is directed against foreign intelligence finding things out. In that context is cable vetting, do you think, a secret intelligence matter?—A. No, not in that context.

Q. You see, the headline of that, it is a very fat, big headline. Why would that be printed if cable vetting is common knowledge?—A. Because this is a paper published for the general public, and it does not automatically follow because a thing is common knowledge in intelligence circles that ordinary members of the public would know about it. It is sensational enough to be the lead for the Daily Express on the basis that many members of the general public might want to know that this practice was going on; but it would not tell any foreign intelligence agent anything, I should have thought.

Q. But as an experienced member of this 'D' Notice Committee—or you were—do you think if you got that story, from publishing?—A. No, not at all. The note (i) to that in particular I think would free one.

Q. And there followed a letter, dated October, 1957, which followed the Birkett Privy Council's report. If it is said that that releases from the secret list, as it were, telephone tapping because of that report, does that necessarily mean that it leaves under the secret heading letter opening and cable vetting?—A. I should not have thought so. I think this point is covered again by this first note to the 'D' notice of April, 1956—"Certain methods employed in Intelligence work are to some extent a matter of common knowledge."

Q. Of course, any security-minded person or foreign agent having presented to them the Privy Council's report of 1957 must certainly have known cables and letters are intercepted. They are even given the details of the figures, are they not?—A. Yes, one would have thought so.

Q. Just look at the 'D' notice of 1961, (2)—the various methods used in the interception of foreign communications for secret intelligence purposes. Do you think that would have been a bar, in your view, if you had had that story, to your publishing it?—A. No, I do not. I do not think this 'D' notice was intended to relate to this story or matters of that sort at all. In my opinion it refers to methods used by M.I.5 or M.I.6 which it is not desirable should be generally known. You will note it says "... you will not refer to the fact that on occasions it is necessary". This 'D' notice refers to a specific act in my opinion by intelligence services and not to a general act.
Q. Mr. Chapman Pincher has said that 'D' notices were laid aside; it has been said, and not challenged, that 'D' notices were laid aside when Colonel Lohan spoke to the Mail. Laying aside therefore those 'D' notices, if you as an editor received a personal request from Colonel Lohan not to publish, have you any discretion in your view under the 'D' notice procedure or convention?—A. Complete discretion, I should have thought. Colonel Lohan is a member of the committee, the secretary. I could ask him for advice. But if it is only advice that is given without reference to 'D' notices, then clearly I would have thought any editor could comply with that request or not.

Q. And if the editor publishes in spite of the request would you say that was a breach of the 'D' notice procedure or convention, or the spirit of the 'D' notice?—A. No, I would not. If an item is not covered by a 'D' notice I do not see how you can break the 'D' notice in this, or break the spirit of the 'D' notice.

Q. Suppose something came up which was not covered specifically or directly by 'D' notice and Colonel Lohan came to you and said "Look, please do not publish this, we are engaged in a specific operation", what effect could you say that hypothetical situation would have on you?—A. I think that would have a considerable effect, if it were a specific operation and he had a good reason for asking.

Q. Turning back to this story of cable vetting, quite apart from the security element are there in your view other elements of public interest?—A. Oh certainly yes; I think it is a story of great public interest.

Q. Do you agree with the Privy Council in 1957 who in general terms said that interception of communications, letters, telegrams, telephone tapping, is generally regarded with disfavour? Would you agree with that view?—A. Yes, I would.

Q. And they said that disfavour was allayed to some extent because it was only exercised very selectively. Do you think an editor faced with this position of this general public interest, and also a security element, should seriously take into account the moral public interest or the invasion of privacy or liberty?—A. Yes, I do; I think that is the whole point of the story.

Q. The last hypothetical question. If you had been in Mr. Mark's shoes and had had that story, as an editor, Mr. Lee Howard, what would you have done?—A. It is slightly difficult to answer that question, because I do not know what Colonel Lohan may have said to Mr. Marks in arguing he should not print it. But seeing the story in the paper as it is I am inclined to think I would have printed it.

Q. And if Colonel Lohan had never spoken to the editor but only to your defence correspondent and passed a message through him, would that have had any effect on you?—A. Well, the defence correspondent would be in duty bound to tell me.

Q. And you would be in duty bound to take account of that request?—A. Yes, and, I would most probably have talked to Colonel Lohan myself in those circumstances and found out what he had said.

Q. Once the story was out in the Glasgow edition at a few minutes past ten in the Scottish Daily Express was there any point in killing thereafter, would you have thought?—A. I would not have thought so, no. It is a widely circulated newspaper.

Q. Finally one general question. What is your experience with proprietors—do they always know what story is going into the paper?—A. Very rarely, I should think; it is not really their function.

Sir Peter Rawlinson: Thank you very much.

Chairman: Mr. Lee Howard, I put a number of questions—I am not sure whether you were in the room at the time—to Mr. Green about his reading of the Defence Notices; did you hear them?—A. No sir, I did not.

Q. I rather got the impression that your answers about the way you interpreted them would be on the same lines as his. One or two general questions. I
I would have thought—I do not know if you would agree with me—an editor's problem in publishing anything which seems to touch on security or intelligence activities is that he is not in a position to know what the other side—that is, the imagined hostile forces—does or does not know.—A. Yes, that might be so.

Q. I think you have made one or two assumptions in your evidence that I would not have thought were necessarily very sound. If something comes out in one or two of the editions of the Daily Express in Scotland and then disappears and is not picked up in London, it does not by any means follow that that attracts the attention of whatever enemy intelligence service you may imagine. Would you agree?—A. With respect, sir, I do not think I would. I think that it would attract the attention of any intelligent intelligence service.

Q. I thought the answer would be “You don't know and I don't know.”—A. Well, it probably would be wisest. But I should have thought the Scottish Daily Express is so important a newspaper, that automatically any intelligence service would look at it.

Q. On the other hand, if you take it out and its disappearance attracts attention, importance is given to the incident which may not necessarily have been given to it otherwise?—A. Yes.

Q. So there are the two things. Now, with regard to cable vetting—I am calling it vetting, not censorship—there is a difference between an imagined hostile service knowing that cable vetting can be resorted to under the Official Secrets Act and knowing that it is habitually and regularly applied; would you not agree?—A. There is a difference, certainly.

Q. A difference in value to them, though?—A. I do not know that. I should have thought if they knew it could happen that knowledge was the knowledge that they would need. And as to the regularity of it I would not have thought that would make a great deal of difference, unless a story of this sort took the form of saying “Last week . . .”

Q. Yes, I quite follow that; that would be what may be called an even more sensitive thing.—A. Yes.

Q. But can you not imagine this, that people who thought that they could risk some form of communication through the cable service if they were adroit in their manipulation of the form of their message might risk it if they thought that only occasional resort was made to cable vetting, but might not risk it if they thought that all cables were regularly inspected? Do you not see that?—A. I see it. It is rather difficult to answer. I do not imagine if I were engaged in espionage that I would risk sending a cable at any time.

Q. I am only putting these as examples because they are involved in the evidence you have given of the kind of thing one really is ignorant about and is taking possibly some risk in publishing. Do you see force in that?—A. Well, I am afraid I do not, sir, no. I think that anybody would know this.

Q. It is only relevant really because there may be an argument where you are dealing with any activities of this kind for a more blanket approach of going about it than there are in other cases because of knowing the significance of what your publication is. Do you criticise this letter, as Mr. Green did, that it really was very general and you could not work it in a general sense like (ii) seemed to suggest?—A. I do think it is an extremely loosely worded letter.

Q. What is your general view about the wording of ‘D’ notices? Could they have been more precisely and happily phrased?—A. Some of them could, particularly some of the earlier ones, but usually speaking they are worked out as a result of very careful deliberation between members of the committee.

Q. That is what I thought.—A. Yes, they are.

Q. In a sense the committee, to which you have belonged, is responsible for the working of them?—A. Absolutely, sir, yes, completely.

Q. On a subject of this kind which is itself very sensitive—that is, intelligence, counter intelligence, security—do you think it would be possible to get a more precise and more closely expressed form of warning to the Press? Some warning must be given, must it not?—A. Yes. I should have thought it
would be possible, though it is extremely difficult in practice to do it. There is a great deal of argument between members of the committee as to how to frame any ‘D’ notice so that it would be acceptable to everybody, remembering that it is voluntary.

Q. Quite, yes. What do you think is the range of meaning today for this phrase “Secret intelligence and counter intelligence methods and activities”? Are there any secret methods?—A. Oh yes, I think there are quite a number.

Q. Give me one or two instances, would you? We have run through the main forms of this kind of intelligence activity—the opening of letters, telephone tapping, looking at cables, bugging in all its various forms, listening devices, photographic devices—they are all studied in books which deal with these things and are to some extent common knowledge, so they could all be written about in general as employed by our agents?—A. I think they can be written about in general, provided the thing is very much a generalisation. It is very important I think not to publish anything which particularises and says “This is being done here” or “to him”.

Q. Or “This is being introduced”—A. Or “This is being introduced”, yes.

Q. So if I may put it this way, without prejudice, what saved Mr. Pincher’s article from the point of view of the ‘D’ notice was that he said it was regular and had been going on at an equal pace for a long time?—A. Well, I think it was a very important part.

Mr. Shinwell: Mr. Howard, why did you resign from the Press and Broadcasting Committee? Was it because you were disturbed about what appeared to be an attack on the Daily Express and Mr. Chapman, in the course of a statement made in the House by the Prime Minister? What was the cause of it?—A. It was because the Prime Minister said that the ‘D’ Notice Committee would have to consider the case of Mr. Pincher and the Daily Express. In my view it was nothing whatsoever to do with the ‘D’ Notice Committee. It is a body which was formed for no other purpose than to compose ‘D’ notices, and it cannot sit in judgment on anybody, whether they obey or disobey the notice, and I felt that for any member of that committee to consider the case of Mr. Pincher and the Daily Express was completely wrong and should not be done.

Q. And that was your only reason?—A. That was my principal reason, yes.

Q. You did not attempt in any way to engage in conversation with the Prime Minister, perhaps to ascertain whether he had made an error?—A. No.

Q. You did not think that was necessary?—A. Well, no; I do not really feel either that I am in a position to do so.

Q. When did you first hear the story which Mr. Chapman Pincher wrote in the Express? Do you know anybody named Lawson, who has been mentioned in connection with this affair?—A. No. I know somebody called Lawson, but . . .

Q. Was the Daily Mirror never approached to write a story about this?—A. No.

Q. You are aware that several other newspapers were?—A. I know the Daily Mail had a story, but I do not know anything about it as far as the Daily Mirror is concerned. We did not have the story.

Q. Do you regard it as an important story?—A. Oh yes, I was very interested when I read it in the Daily Express.

Q. And you would have published it yourself?—A. I think so, subject to anything which Colonel Lohan might have said to me.

Q. But you say this was just a routine affair?—A. What was a routine affair, sir?

Q. This cable vetting is generally known?—A. Yes, I should have thought so.

Q. But still a very important story?—A. Yes, it is.

Q. A sensational story?—A. Yes, I think so.

Q. Something which is generally known?—A. Yes, certainly. I do not by “generally known” mean known to every member of the public, I mean
generally known in espionage circles, and I think it is a sensational story as far as the public is concerned, to know that cables are being regularly vetted.

Q. Why do you think that? Do you think it is an invasion of somebody’s privacy?—A. Yes, I do, as counsel just read out, there is a general feeling of great distaste about this.

Q. Have you had any indications from any quarter that anybody’s privacy was invaded? Was yours invaded, for example?—A. I have no idea.

Q. Or Mr. Cecil King’s privacy?—A. I do not know.

Q. Or anybody connected with the Mirror?—A. I do not know.

Q. So this would be a speculation on your part about somebody’s privacy being invaded?—A. No. I think the vetting of cables is obviously an invasion of privacy.

Q. You apparently make a distinction in interpreting the purpose and the authority behind a ‘D’ notice; would you regard it as merely a guide-line?—A. Yes, I suppose I would really, but it is a little more than that. It is a rather strong request, and it should generally be obeyed by editors, because it has been written in their name by their representatives.

Q. Have you any recollection of occasions when it has not been obeyed?—A. I have, but I cannot remember the occasion. I believe there was an occasion when the Daily Telegraph avoided a ‘D’ notice, but I do not know what the occasion was.

Chairman: We had references to a case of a Russian defector.—A. Was that it? I really cannot remember which occasion it was.

Mr. Shinwell: Would you not say that the boundary between what you describe as a particular operation—a specific operation, which is relevant to a ‘D’ notice—and a general operation of a routine character is a very narrow boundary?—A. That is a very difficult question to answer. There is a boundary, they are two different sets of circumstances. How does one define how wide the boundary is?

Q. I put it in this way: if in the opinion of an appropriate government department, those responsible for security, in any government, there is a suggestion that even a routine operation, about which a story is about to be published, might have the effect of impinging on the national security, would you not consider that that is a matter which requires very careful consideration?—A. Certainly I do.

Q. Then in this particular instance, when Colonel Lohan, who is the Secretary of the Press & Broadcasting Committee, approached Mr. Chapman Pincher over a number of days, with general and frequent conversations and trying to impress upon him first of all that the ‘D’ notice was relevant, and then, when he failed to do so, made a request to him on the grounds of general security, and that was followed up by a request by the Foreign Secretary to Sir Max Aitken, et cetera, would you not consider, from your vast experience in these matters, and particularly as a member of the Press & Broadcasting Committee, that it called for perhaps a little caution on the part of a newspaper?—A. Well, I imagine it received very careful consideration.

Q. But you know that the reason it was published was exclusively and primarily because it was not related to a ‘D’ notice?—A. Well, I do not work on the Daily Express.

Q. That is your misfortune, I presume.—A. I expect you are right, Sir.

Q. When stories of this kind are bruited about, naturally a newspaper like the Daily Mirror will be glad to print one?—A. Delighted, yes.

Q. It is the first newspaper in the country which would be anxious to print a sensational story—with great respect to the Daily Express—you like to get it first?—A. Certainly.
Q. If you had got this story you would have published it?—A. I have said that I cannot really answer the question, because I do not know what was said by Colonel Lohan to the Daily Express, but I would certainly have been inclined to publish it, from my limited knowledge of the facts.

Q. I do not know, I am a novice in these matters, but do newspapers usually know what other newspapers are going to publish, when a good story is about?—A. I think you can tell when a good story is about, if it is a general happening, but not necessarily this sort of thing, no.

Q. You did not think this was a good story?—A. Yes, I did.

Q. Now, in retrospect, you regard it as a good story?—A. I think it is an excellent story.

Q. Quite sensational?—A. Yes.

Q. But you heard nothing about it at all?—A. Nothing whatsoever.

Q. You did not know it was going to be published?—A. No, I did not—how could I have done?

Q. And you may have been surprised to know that the Daily Mail knew the story?—A. I was surprised.

Q. So knowledge which was within the compass of the Daily Mail was not available to the Daily Mirror?—A. That is right, it was not.

Q. Generally speaking, would you not agree with me that even if the 'D' notice was not valid, not relevant to an incident of this kind, when a request is made by the Secretary of the Press & Broadcasting Committee and by the Foreign Secretary, it might as well not be published?—A. No, sir. I think the secretary of the committee in the first place is no more than the secretary of the committee and he has no authority of any kind, he is the servant of the committee. As far as the Foreign Secretary is concerned, I do not know anything about what he may have done in this matter at all, I do not know what he said, I do not know to whom he spoke. I have merely heard that he is said to have spoken to Sir Max Aitken.

Q. This is a hypothetical question, but supposing you had been in this situation: you had been approached by the Foreign Secretary, making a request to you not to publish a story which the Government, I will not say in their wisdom, but in their discretion, considered impinged on our security, what would your reaction have been?—A. My reaction would have been, as I imagine the reaction of the Express was, to say: "I am dreadfully sorry, we already have printed it".

Mr. Selwyn Lloyd: Mr. Howard, you were a member of the Press & Broadcasting Committee for two or three years?—A. Yes.

Q. In your view did it work satisfactorily during that time?—A. Very satisfactorily.

Q. Are there any improvements which you can suggest in the way it should work?—A. No, except that I do feel that we could probably, and particularly in the light of this case, rewrite some of the 'D' notices with advantage, to make them more precise.

Q. Mr. Marks has been putting a rather different point of view to us; he said it is very important to leave them rather vague, that if you made them more precise then it would look as though they were statutory regulations or something like that.—A. I do not mean that precise; I think they could be tidied up a little and made more explicit. There is not for example a reference to cables, and I would have thought it would have been useful to have included that.

Q. When Colonel Lohan, who as you say is the servant of the committee, goes and argues, supposing he fails, do you think there ought to be any machinery whereby his failure could be referred again to the committee, before publication?—A. I do not think it is practicable. I do not see how it could be done.

Q. A possible idea was that the papers should agree that if there is a disagreement of that sort there would be a sort of stop for a limited period.—A. I would be very reluctant to agree to that, on behalf of my newspaper.
Chairman: There is one question, which arose out of what Mr. Shinwell put to you: we know you resigned from the Press & Broadcasting Committee and I do not want to travel over the reasons, but is it your view that in no circumstances can that committee charge itself with complaints against a newspaper for not observing, even in a clear case, its requirements?—A. Yes, that is my view, sir.

Q. Is there any way then by which, if there is perhaps a strong feeling that one paper has departed from what the others have observed regarding a ‘D’ notice, this can be investigated?—A. I do not know of any machinery at the moment. There can of course be a complaint to the Press Council, if that is of any help.

Q. I was going to ask you whether you thought that would be useful or feasible?—A. I think it would be useful, because the council has a great deal of respect among journalists, and I think if the council were to condemn a newspaper for publishing something, it would be quite important.

Q. Apart from that, the only possible sanction would be to withdraw the circulation of future ‘D’ notices from that paper?—A. I do not think that would be a very satisfactory sanction really, would it, because there are a number of ‘D’ notices, and one is not achieving anything by not telling newspapers about them.

Q. No, all you would achieve is that you would leave them in some uncertainty about whether they were really doing harm or possibly going outside the Official Secrets Act?—A. Yes, and then of course you would have to have an expert on the Official Secrets Act in your office.

Chairman: Yes. Thank you very much.

(The witness withdrew)

MR. E. PICKERING CALLED

EXAMINED BY SIR PETER RAWLINSON

Q. Mr. Edward Pickering, you are a director of the International Publishing Company?—A. Yes.

Q. The editorial director of the Daily Mirror Newspapers Ltd., and a member of the Press Council?—A. Yes.

Q. You were managing editor of the Daily Express from 1951 to 1956, and editor from 1956 to 1962?—A. I was.

Q. You have also taken a special interest in and had much experience of defence matters?—A. That is so, yes.

Q. In 1965 did you advise the Minister of Defence, at his invitation, on information and public relations inside the Ministry?—A. I did.

Q. In your career have you had much experience of security problems and ‘D’ notices?—A. Yes.

Q. I think you included something about ‘D’ notice procedure in the speech which you had to make to the Academy of Forensic Science in 1964?—A. I did.

Q. You knew Admiral Thomson very well?—A. Yes.

Q. And his successor, Colonel Lohan?—A. Yes.

Q. When you were editor, was Mr. Pincher the defence correspondent?—A. He was.

Q. Did you work with him?—A. I worked with him very closely, yes.

Q. Did you find him a man of reliability and integrity?—A. At all times, yes.

Q. I think you did have two occasions between 1956 and 1962 when there was some discussion that the Express had then marginally gone over the ‘D’ notice boundary?—A. Yes, I did.
Q. And that was discussed with you and Admiral Thomson and Mr. Pincher?
—A. Yes, and the matter was resolved by my writing a letter to Admiral Thomson explaining the circumstances, and Admiral Thomson accepted the explanation.

Q. Did Admiral Thomson speak to you on many occasions about Mr. Pincher's reliability and ability?—A. He did, he spoke very highly of him as the outstanding defence correspondent, and paid tribute not only to his ability but to his integrity also.

Q. I think immediately prior to 1956, at the time of Suez, the operations in the Middle East, you often had to go and see the then Minister of Defence, Sir Walter Monckton?—A. I did, yes.

Q. With Admiral Thomson?—A. Yes.

Q. And you had a lot of discussions then about military matters and 'D' notice procedures?—A. Yes.

Q. It was a time I suppose when there was much of this going on?—A. Many secrets about, yes.

Q. Did Mr. Pincher ever, when you were editor, let you down over any matter of security?—A. No, not at any time.

Q. Were there many 'D' notices at that time?—A. Many more, I suspect, than there have been in the last few years.

Q. What was his attitude, when you were editor, to 'D' notices? Was he the kind of man who would lightly disregard a 'D' notice?—A. No, not at all.

Q. When you were editor did you also know Mr. Derek Marks?—A. I did.

Q. Was he then the diplomatic—?—A. —and political correspondent, yes.

Q. Was he involved in defence matters?—A. From time to time he was, yes.

Q. Is he a man who had experience of 'D' notices?—A. He had, yes.

Q. What was his attitude when you were his editor, towards generally 'D' notice procedure?—A. At all times he would discuss the matters with me, and if there were any questions at all they were referred to Admiral Thomson.

Q. Did he strike you as a person of reliability?—A. Yes.

Q. We will turn now to the story which is before you, and the 'D' notices which are also before you. What do you say now, if you were looking at that story and at those 'D' notices, would it have occurred to you that the 'D' notices applied to that story?—A. No. I have read the 'D' notices, and I would not have formed that view.

Q. My lord, I do not propose asking in detail, I am leaving it to the committee about 'D' notices. What do you understand about the procedure, if the secretary says that a 'D' notice applies to any particular story? What would you do, in your experience as editor, if the secretary is saying to you that a 'D' notice applies?—A. If he rules that a 'D' notice applies, then in my view an editor would act upon that at once, and if necessary challenge it later. It would depend on the way it was put to him, I imagine, but in my view a forthright statement that it was a direct contravention of a 'D' notice, would cause any editor to stop and then go into discussion with Colonel Lohan.

Q. May I put this in another way: if a 'D' notice applies, and if an editor is determined to stay within the 'D' notice procedure and not break it, is there then left to him any discretion to publish, or must he not publish, to keep within the procedure?—A. There is always discretion left to the editor. He is not bound by anything, but once the 'D' notice is clearly applied to a story then he acts accordingly.

Q. When you say he acts accordingly, what do you mean by that?—A. If the 'D' notice applies to the story, then he does not use it. If he is merely told that the 'D' notice does apply then he is at liberty to challenge.
Q. We know there is nothing enforceable about the 'D' notice, but, working the voluntary system, where 'D' notices do apply, if you want to stay within the voluntary system then you do not publish?—A. You do not publish.

Q. Now suppose 'D' notices do not apply, but you get a request by one member of the committee, namely the secretary, not to publish, what is the position of the editor then?—A. It is a matter for the editor's discretion.

Q. I think this is common ground and I can lead you: is there not in existence an emergency procedure which is provided for cases where the secretary feels he must take action, emergency action?—A. Yes, there is.

Q. What is the purpose of having an emergency procedure, as you understand it?—A. So that if a case arises where there is doubt about the application of a 'D' notice to a particular story, the secretary can in fact call a few members of the committee together and get a ruling, and issue a private and confidential letter if he so wishes, in order to draw attention to some specific matter not covered by the 'D' notice.

Chairman: You say "members of the committee": they would be press members, would they not?—A. Yes.

Sir Peter Rawlinson: Where a matter has been under discussion for several days, and an editor learns that it has been under discussion for several days, and he understands that 'D' notices do not apply but he is getting a request from the secretary, would the absence of any private and confidential letter be of any importance, do you think?—A. Yes. I would take the view that if the story had been known to Colonel Lohan for some days, and I had not received either some direct approach or I had not received a private and confidential letter, then I would assume that it was in my discretion to publish.

Q. In your view could there be any criticism of an editor, if he is informed that 'D' notices do not apply but the secretary is requesting him not to publish, would there be any criticism of an editor publishing in those circumstances?—A. No.

Q. Looking at the story, quite apart from the security element which arises from the vetting of cables, is there in your view any other public interest element from that particular cable vetting story?—A. I think there is a very high general interest in the particular story that Chapman Pincher wrote.

Q. When you use the word "interest", the public could be interested in the matrimonial affairs of a film star, but in what sense are you using the word "interest"?—A. Interest in cable vetting and the extension of it to all cables and telegrams.

Q. Do you agree with the attitude which was taken by the former report of Privy Councillors, that interception generally of letters, telegrams and telephones is regarded with general disfavour?—A. Yes.

Q. Have you been told the sequence of events and the situation which faced Mr. Marks on 20th February, 1967?—A. I have and I am quite satisfied that if I had been faced with a similar problem I would have acted exactly as he did under the present rules of procedure.

(At this stage the proceedings were adjourned for a short time)

EVIDENCE OF Mr. E. PICKERING resumed

Chairman: Mr. Pickering, page 3 of the statement that you gave us, the second half of that page I have to ask you a question or two about, because I did not feel I really followed this. You are talking about the 'D' notice procedure.—A. Yes.

Q. You say:—

"As I understand the procedure, if the Secretary of the 'D' notice Committee says that a 'D' notice applies to any particular story it would not be used, even if the editor concerned thought that the Secretary's ruling was wrong."

Now it cannot work out quite as simple as that, can it? You see, there is no question of rulings here at all, is there? Nobody has any authority to give rulings.—A. No.
Q. I can imagine in your experience with Admiral Thomson and Colonel Lohan that a view starts on the side of the Secretary that a 'D' notice applies to a story, or a form of the story, which is more often the way it comes out.— A. Yes.

Q. And the *Express* correspondent or editor does not agree. He says, "It does not read this way, and it has not been applied this way." This must be a legitimate sphere of debate?— A. Oh yes.

Q. It is not just the secretary saying it then. It is the secretary after discussion refusing to accept that it is not within a 'D' notice, is it not?— A. Yes. If he came back to me and spoke quite clearly and decisively that something that I was going to publish in our paper was a direct contravention of a 'D' notice, I would have to accept that ruling, but I would also reserve the right to immediately debate it again with him.

Q. You mean until you had over persuaded him you would not actually publish?— A. No.

Q. Has there never been a case in the past when you could not agree with each other, you firmly maintaining that it really had nothing to do with 'D' notices?— A. I have never experienced it, no.

Q. You see here I think Mr. Chapman Pincher's story is that he really thought that it was virtually absurd to say these 'D' notices covered this story.— A. Yes.

Q. He would not, in a sense, attend to this argument.— A. Yes.

Q. What happens then in your experience of the procedure? Does he have to go back and say to his editor, "I think this is quite unreasonable and not the way it works"?— A. Yes, I would have thought that he then reported to his editor, and in my view if the matter had been a contravention of a 'D' notice in the normal way the secretary of the committee would be in touch with the editor, having spoken to the defence correspondent, because the defence correspondent in this case is only an intermediary, and it is the editor who must decide whether the story goes into the paper or not.

Q. I am sure that is right, and it is possibly the case that Mr. Chapman Pincher's position with regard to 'D' notices bearing on his subject is very influential.— A. Certainly.

Q. But suppose the correspondent then parts with the secretary saying, "I simply do not think your argument is right at all, I do not think this is covered by 'D' notices", do you say he ought to go back to his editor and tell him, "I am quite clear myself, but this is what the secretary says"?— A. Yes.

Q. What happens then? Is it a matter for the editor's discretion to agree with the defence correspondent and publish, or is he still under what you think is a ban until he can get the secretary to alter it?— A. No, I would have thought that it is then up to the editor's discretion.

Q. It does not bind the editor if he takes a clear view the 'D' notice is being wrongly interpreted by the secretary?— A. No. In all my experience if that sort of situation had arisen, then I would have expected the secretary of the committee to be in fact in touch with the editor.

Q. You go on to say at the bottom of that page:—

"An editor or defence correspondent might subsequently question the ruling by referring it to the secretary and if need be to the committee. This is the correct procedure— "

but it is not feasible, is it, to refer it to the committee? This is, after all, possibly a fairly hot story which he wants to publish. You cannot treat the committee as a sort of appeal committee and wait until they have been got together?— A. You can inform the secretary, and, as I understand it, there is procedure for calling together at very short notice a small number of members of the committee who could in fact discuss the case.

Q. An emergency meeting?— A. Yes.

Q. To whom he could put his case?— A. Yes.

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Q. And see whether they would then send out some general warning, I take it?—A. Yes.

Q. To everybody?—A. Yes.

Q. And even though it was an exclusive story you would not think that was wrong procedure?—A. No.

Q. Of course quite apart from other papers in this country possibly being held back by the 'D' notice, there is the question of the story being broken abroad, is there not?—A. Yes.

Q. You say on the next page:—

"In my view, and I believe this to be correct, publication by one newspaper of a story that is subject to a 'D' notice does not permit others to follow."

Is that view universally held?—A. I do not know whether it is universally held. It is certainly one that I hold.

Q. Is it not a highly debatable view? Is not the argument constantly brought up that the only reason for stopping it is security, and now it is out and there is no harm in further publication?—A. I have heard both arguments put in fact, but it is still my view that merely because there has been contravention of a 'D' notice I do not see publication by another newspaper is automatic.

Q. You say I would have thought fairly often come across cases when the fact that it has been out in one paper has been regarded by other papers as opening the matter to them, have you not?—A. Yes.

Q. Now I will just follow up your next paragraph:

"As I understand the procedure, if it was considered necessary on security grounds to prevent the publication of a story which was not specifically covered by a 'D' notice, or in respect of which doubt was felt, whether a 'D' notice applies or not, the Secretary could have delivered to the editor a private and confidential letter containing a formal request not to publish."

This private and confidential letter reference is confusing to me. Do you mean simply a letter from him as secretary to the individual editor, or something that had been preceded by the emergency committee?—A. It would be preceded by the emergency committee.

Q. He had to find time and means to get together his emergency committee?—A. Yes.

Q. And get them then to put their authority, in so far as it is authority, behind a general appeal on this particular point to editors?—A. Yes.

Chairman: That is what I thought you would mean.

Mr. Shinwell: You were present, Mr. Pickering, when I asked Mr. Lee Howard why he resigned from the committee?—A. Yes.

Q. I think I am correct that his reply was that he was not prepared to be involved in a dispute which concerned one newspaper?—A. Yes.

Q. But on page 3—and his lordship has just been asking a question about this— you say if a question arises whether it is a valid 'D' notice, it can be referred to the secretary and if need be to the committee. Does that square with the reason for Mr. Lee Howard's resignation from the committee? If a matter of this sort can be referred to the committee, and it is understood that it can be, then why was it necessary for him to resign from the committee because he did not want to be involved in a dispute of this kind?—A. I think Mr. Lee Howard resigned because in this case the committee would only be dealing in fact with the text of the 'D' notice, whereas what was suggested, and why Mr. Lee Howard resigned, was that the committee should be asked to judge the actions of Mr. Chapman Pincher.

Q. The actions of Mr. Pincher were related to the question of whether there was a 'D' notice or not?—A. Certainly related, but Mr. Lee Howard's view, as I understand it, is that the function of the committee is only to deal with 'D' notices and to be the liaison between the authorities and the newspapers.
Q. Again on page 3 you say that it never would have occurred to you that the 'D' notices in question could possibly apply to Mr. Pincher's story on cable vetting. I follow that. Then you say:—

"... if the secretary of the 'D' Notice Committee says that a 'D' notice applies to any particular story it would not be used, even if the editor concerned thought that the secretary's ruling was entirely wrong."

If Colonel Lohan expressed the view that this was related to the 'D' notice, would his view not be acceptable?—A. No, he would have to say that it was a direct contravention of the 'D' notice I think, not just related to the 'D' notice.

Q. A direct contravention of the 'D' notice. I should have thought that related to the 'D' notice and if the 'D' notice was valid in these circumstances is pretty much the same thing.—A. No, I do not think so. I think there is a great difference between drawing attention to the fact that the 'D' notice relates to the story, and claiming that the story is a direct contravention of the notice.

Q. You take the view that if in the opinion of the secretary of the committee this was a breach of the 'D' notice, that would be acceptable?—A. No, I said that it would give me reason to pause, and I would if I thought necessary resume the argument, but I would give weight to his opinion naturally.

Chairman: Thank you.

(The witness withdrew)

Sir Peter Rawlinson: That concludes all the witnesses I seek to put before the committee, and now if I may sum up this part of it? As I have said, in order to shorten that summing up, which is obviously not a matter for oratory, I have submitted submissions which if I may I would like to take the committee through as the various arguments on behalf of Beaverbrook Newspapers and the individuals concerned. It will necessarily mean, if I may with respect suggest, that if the committee would follow me through it it would be of very great assistance to me, rather than if they went ahead, because there are one or two points I would like to stress shortly.

What I have sought to do on this part, because it is quite clearly, I think I need hardly say, of great importance to the individuals concerned, is to set out what are the issues which have arisen following the establishment of this committee and the various statements. So I have tried to clarify the issues concerning these persons into five, and they all arise from the statements that have been made, and they would be then I think more easily dealt with.

First of all, obviously, was there a clear breach of two 'D' notices, and was there a breach of 'D' notice procedure or convention, and that includes the spirit of the 'D' notices. If there was any breach, was it deliberate; in other words if a technical breach, but was it a deliberate breach? If there was a breach, was it made despite repeated warnings given before publication? Then, my lord, I have put together, were Sir Max Aitken, Derek Marks and Chapman Pincher (or any of them) guilty of bad faith?—because it does seem to me one interpretation can be that this was a matter of bad faith.

First of all then I turn to the story which is the routine cable vetting. It is not a story which has only one element, namely security, such as the capacity of a particular aircraft, or the range of a particular weapon, or a particular investigation. It is a story which had certain other elements in it. It certainly had the security element—the committee will know more about that than any of us because you have papers before you which we have not before us—but to look at it as the editor looks at it, he sees the security element, and he also sees in it the element of the interference with personal liberty or privacy arising from general interception and study of private documents by Government officials, and he sees indeed also the context of the recent controversy over telephone tapping, and therefore political interest which must arise out of a story of this kind. The story is not one plum and plain of security only, and there are the other elements within it.
I turn then secondly to the actual ‘D’ notice procedure or convention, and irrespective of the evidence that has been given before you in committee I take the elements of the procedure or convention from the Radcliffe Report of 1962, page 35, paragraph 124, and there and over the page I have cited each of the different parts of that procedure which are referred to in that part of their report. It sets out there that they are letters of request or advice to editors warning if a story is protected under Official Secrets Acts, or, secondly, requesting ban on publication as contrary to the national interest. Then again you see what they are. They are approved in draft by the committee with its press element, which is in a majority, and the letters are only sent with their agreement, and clear cases of national prejudice of “a military” nature, and that is stressed throughout that report, must be made out. There is specifically provided within the convention or procedure an emergency system which consists of the secretary issuing ‘D’ notices on his own if he obtains the concurrence of now 3, formerly 2, press members. Then there is a quotation from paragraph 143 that the ‘D’ notice system does encroach upon the delicate subject of press freedom, and to operate successfully it must not be subjected to over-strain, and this basic condition of its existence, namely the encroachment of freedom, must be kept in mind.

Then the respect for ‘D’ notices is contingent upon their confinement to “military” matters, and any attempt to go outside it is liable to be regarded with suspicion and be resented if a notice is thought to be “dictated by political considerations”.

My lord, there are all the matters which are taken from that paragraph and those pages of the report.

Chairman: I know “military” is in inverted commas. Did we give any sort of indication of what “military” was to cover?—A. Yes. On page 36 it “is described as being ‘naval, military and air matters the publication of which would be prejudicial to the national interest’”. Then it goes on:—
“The Press do not in fact insist on any rigid interpretation of the wording of this formula, so long as a clear case of national prejudice of ‘a military’ nature can be made out” again in inverted commas, so by “military” I should have thought it is accepted that it has got to be something which is of a character which can do harm to the state by an outside enemy, or I suppose an inside enemy, but certainly harm to the state by an enemy.

By that “military” used in inverted commas throughout the report of 1962—and I have put it here in inverted commas—from that I distil for your consideration that the basic elements must be therefore the military character of the subject, that it does emanate from a committee on which the Press are a majority, and there must be absence of any political or official considerations.

Bearing therefore in mind this particular story, and a particular element in it, and the procedure or convention as it has been understood in the past, then I turn to the first issue of was there a breach of the two ‘D’ notices. This turns of course, I accept, on the construction of the terms of the ‘D’ notices, but what I do submit is they are certainly not legal documents, and it is unreasonable to expect them to be construed as such. Whereas someone looking at a document would construe it or interpret it in one way, it has to be borne in mind that it comes from a committee on which journalists are in the majority, and they go to help other journalists. Therefore it must be interpreted, if any accusation is to be upheld by the breach of two ‘D’ notices, it must be looked at from the journalist’s point of view.

Secondly, the purpose has to be borne in mind, and the purpose is not to conceal from the British public what officialdom is doing, their purpose is quite clear, which is to avoid revealing security secrets to potential enemies or enemies of the United Kingdom. That is clear from that report, which is the current report, at paragraph 133 where it says:—
“In our view the system makes a valuable and effective contribution to protecting from disclosure ‘military’ information which needs to be concealed and which it would be useful to other Powers to possess.”
So it is not to conceal what their officials are up to, but it is to conceal anything which might help potential enemies.

And so in the proper interpretation of the 'D' notice, I suggest, of whether an intelligence "method" is secret, or is one of common knowledge, the test must be applied whether or not such method could reasonably be anticipated to be known to persons with some security knowledge, and especially of course to foreign security services and agents.

This is what they are all about, because there is no form of censorship, and this is a voluntary system. It is to help everybody to avoid the state being harmed, and the state is only going to be harmed by potential enemies of the state.

So if that is the right way of construing 'D' notices, not, as has been suggested, like a regulation or deed, applying that test, could foreign security or any security reasonably be expected to know the cables would be vetted? Of course, as I have said on several occasions in the course of the evidence, maybe there are persons living wherever it is which are reached by the Daily Express who would not know and did not know that cables are vetted, but would the persons who are concerned in security matters or potential enemies be expected to know that cables could be vetted?

I think the reply is that to many at any rate certain cable vetting is common knowledge, and some indication can be given by the fact that the Post Office or the cable authorities require only certain codes to be used, which must mean those cables are liable to a certain extent to be scrutinised.

Thirdly the Birkett Report, which was the last committee of Privy Councillors set up on this matter, referred to cable vetting, and they deal in very strong terms in different parts of that report with the disfavour with which all interception is regarded, but it goes on to reassure, and the principal reason for reassurance is that interception is only selective, and as interception is only selective, therefore that allays, or ought to, the anxiety.

In the report it is not confined, of course, to telephone tapping. It was all communications and all the different parts that I have referred to in the course of evidence, and I need not take you through them, except to paragraph 120 of it, where it shows the details of this selective interception, and this was the position in 1957. Of course it would be idle to imagine a foreign security agency who had not read this report or that it would not have been before the security official. In paragraph 120 at page 27 they write:

"We are in particular aware of the danger of disclosing even on a single occasion the extent of interception for security purposes. The best course therefore seems to us to group the figures for interceptions for each of the years from 1937-56 under these heads—

1) interceptions by security, Police, Customs and Post Office;
2) interceptions in connection with dangerous drugs, lotteries and obscene publications.

We set out these figures in Appendix I, Table I. From this Table it appears that the average annual number of interceptions of telephone lines from 1937 to 1956 was 130. The corresponding figure for interception of letters and telegrams was 501."

So they were setting out the average number of interceptions of letters and telegrams in the period 1937-56, and the fact of course that there was cable interception or letter interception cannot be said in my submission to be something which was to disclose or breach a secret. Appendix I which appears at page 41 deals with telephones and letters, and shows that it does not deal with telegrams, though it does deal with them in Scotland.

Chairman: No, it does not separate telegrams.

Sir Peter Rawlinson: It does over the page where you deal with Scotland, where in 1952 one telegram was intercepted by the Crown Office, but it does not separate really telephones and telegrams.
Chairman: It has said in the body of the report when it speaks of letters it includes telegrams.

Sir Peter Rawlinson: Yes. “The corresponding figure for interception of letters and telegrams was 501” and at page 16 there is a note “‘letters’ includes postal packets and telegrams except where they are expressly excluded,” Therefore it is interception of telegrams in the same way as interception of letters, because I think it has been said by one witness that if suddenly a story came to him that the whole of the mail was being intercepted he would not consider that this was a secret method or secret intelligence method, and something which to reveal in the newspaper was suddenly to reveal to potential enemies the fact that the security services were intercepting letters. So the editor is entitled surely to have regard to that report of those Privy Councillors who dealt with the matter. So that interception was something which has to be taken seriously and it is regarded with general disfavour in the view of those Privy Councillors, and, as I say, some comfort can be taken from the fact that it is done very rarely.

Then, secondly, would an editor, examining these ‘D’ notices of 1956, 1957 and 1961, appreciate that they applied to a cable vetting story? Now, my lord, a point has been made that the 1957 one does seem to take telephone tapping out of the security mask. It does of course refer to this report, and this is the report in fact which deals with interception of all communications, so I suppose it could be said, but I do not press it, as it refers to the report it must refer to all the matters in the report, but it is quite clear, the view of the editors that have been called before you—and they are representative I would suggest—that they do not think that interception of letters or cables, or even Mr. Green fears, telephone tapping was a matter which was a secret method.

So my submission on that—would the editors examining these ‘D’ notices clearly appreciate they applied to a cable vetting story?—my submission is No, they would not, and in support of that there has been called before you Mr. Green. I do not need to take all his evidence, you heard it this morning. You have heard Mr. Lee Howard and Mr. Pickering. There are also the quotations, because we have not been able to bring everybody before you, but there are the quotations from The Times, the Observer and the New Statesman, which I would like just if I may to remind you of. We have put them together in a bundle which I think you have.

If you will turn to the last one, The Times, of Wednesday, 22nd February, which is the day after, if I may take extracts from it, I will take the second paragraph in the first column:—

“As the Prime Minister correctly said confidence and trust are the basis of the whole system. But the confidence and trust must be mutual. Editors are expected to comply with ‘D’ notices. Equally ‘D’ notices are expected to be reserved for matters where the public interest clearly counsels secrecy. On the face of it the Daily Express disclosure does not fulfil the second condition. There is no ‘D’ notice explicitly referring to the interception of cables. It was held that the question fell under two other notices of some years’ standing concerning deciphering and the activities of the intelligence services. The Express disputed this, and reasonably so.

If its story is anywhere near correct, it discloses a practice about which the public has cause to be concerned. The extent to which the police and security services intercept private communications is something which goes to the root of civil liberties and about which Parliament and public have frequently shown anxiety.”

Then it gives a quotation from the report of the 1957 Privy Councillors, and then it says:—

“And Governments have since sworn fidelity to that practice. The vetting of external cables, as described by the Daily Express, answers to none of those stringent conditions. It sounds like an open licence to screen at will.

But, said the Prime Minister, the Express published an ‘inaccurate story purporting to describe a situation in which, in fact, the powers and practice have not changed for well over forty years’. If the story is wildly inaccurate,
why invoke 'D' notices? It would not be disclosing anything of value to foreign intelligence agencies since it would not be disclosing anything at all. 'D' notices were not intended for spy fiction. And if the practice has indeed not been changed for over forty years, is it credible that foreign intelligence agencies should be unaware of it until alerted by the Daily Express?"

That was the view of The Times. And you have had the editor of the Telegraph, and the editor of the Mirror. Making a selection, I would ask you to look at the Observer of 26th February, which is headed "Lloyd joining 'D' notice probe" and it says there in the second column:—

"Andrew Wilson writes: Two important points emerged yesterday about the Daily Express 'D' notice affair and will certainly be discussed at the Privy Council committee examination.

First, although there was expert advice that a genuine security breach would be involved if the Daily Express went ahead with its disclosure about cable vetting, Whitehall was mainly concerned to prevent the disclosure on a different score.

The paragraph in Tuesday's Daily Express article which aroused most concern in the Government was that which said: 'while the cables are being vetted there is nothing to prevent information being passed to the Exchequer, the Board of Trade, or any other interested department.'"

Then it goes on in the third paragraph:—

"Secondly, Mr. Wilson's contention that the Daily Express story contravened two 'D' notices is hard to sustain, either from a scrutiny of the 'D' notices or from accounts of the interview between the Daily Express Defence Correspondent, Mr. Chapman Pincher, and the secretary of the Services, Press and Broadcasting Committee, Colonel Lohan.

What, in fact, they appear to have discussed was the security service's argument..."

and it is saying it is hard to sustain, which was the view of that newspaper.

Then there is the quotation from the New Statesman, of 24th February, 1967, which is the editor writing in his journal there:—

"What should concern us in the row between Mr. Wilson and the Daily Express is not whether Chapman Pincher defied 'D' notices (I don't think he did, and anyway the point is arguable), but the further evidence Pincher provided of the government's invasion of privacy."

The others are groups from which you have heard people in person, but that covers a very wide spectrum of the press, if this is a clear breach of two 'D' notices, because all those editors who appeared before you and all those who have written down there thought that was the position, rightly or wrongly, but this is their interpretation, and if you are going to accept it ought to be a journalist's interpretation there seems to be unanimity throughout the whole of the press that this was not under 'D' notice, and certainly was not a clear breach. They may be wrong on their interpretation if you apply to it the dissection of balancing one part of it against the other, but nevertheless this is the view of those people who have to work this system. These are the people to whom the 'D' notices are addressed, and these are the people who are represented as a majority on the committee which actually writes the 'D' notices. Therefore on that position clearly there could not be a breach of 'D' notice by journalists, let alone the editor and the correspondent of the Express.

My submission (b) is really repeating what I have said about Birkett, and I do not propose doing that. Therefore, my final submissions on this issue as to whether there was a clear breach, or that even if there was—I put this obviously with no disrespect to a lawyer's interpretation...

Chairman: I quite see your point about a lawyer's interpretation. On the other hand, if you use forms of words you have somehow or other to arrive at some idea of what they mean.

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Sir Peter Rawlinson: My lord, I would say to that that the best way you can decide what they mean is what did they mean to the people to whom it was addressed and from whom it was written.

Chairman: Yes, I think that is a valid point, if I may say so.

Sir Peter Rawlinson: I say here that even if under the interpretation on the basis of—I put it as a generic term—a lawyer's interpretation, even if they are within a method or possibly an activity within the 1956 'D' notice, it was certainly not a secret method to those engaged in security and especially to foreigners, and I make the reference there to the two reports, and I say other experienced editors did not interpret it and, according to Colonel Lohan, whoever briefed the Prime Minister that the cable vetting story was a clear breach of two 'D' notices was wicked. There is unanimity on this point. Nobody was asserting, neither the secretary of the committee nor the members, that there was here a clear breach of two 'D' notices. If anything, it is certainly not clear and I suggest there has certainly not been any breach at all. So much for the first issue.

I turn now to the second and third issues: Was there a breach of 'D' notice procedure or convention and if so was it deliberate?—because these go together. This is the second submission. The first submission was clear breach and the second is breach of 'D' notice procedure or convention. My Lord, if there is going to be a breach in this case, accepting the fact, it must be assumed that where no 'D' notice strictly applies but where a secretary, laying aside the 'D', makes a request not to publish, such request is tantamount to a 'D' and rejection constitutes a breach of the convention or procedure. That must be the finding if there is going to be said here there is a breach of convention or procedure.

First of all that indicates this is not the 'D' system, because the 'D' system is the system of the letter drafted by the committee, the majority of whom are members of the press. If you are going to act within its terms, procedure or convention, that is what carries with it the warning. If a request by the secretary has equal force to a 'D' notice then there is no point in having 'D' notices, because you could just have the secretary going around and saying so. There must be a distinction between a request of the secretary and the actual application of the 'D' notice. Thirdly, the secretary by himself is only one part of one side of the committee, namely the Defence Committee, the majority being the press, and there has to be agreement of the press members . . .

Chairman: That is not quite right, is it. He is the servant of the press side of the committee.

Sir Peter Rawlinson: With respect, I would have thought he is certainly the servant of all the committee, but if there are two sides, the defence side and the press side, he is certainly not the press side; he is the official side, he is an official, although of course he acts in the name of the committee. If he were assumed just to make his own ipse dixit on a particular point, this is an official of the defence side making it. My lord, perhaps it is a telegramatic form . . .

Chairman: I would not like there to be any misunderstanding. He is not in fact a serving officer. When he took on the secretaryship, as he told us, he resigned. His function is to be secretary of this committee.

Sir Peter Rawlinson: He is an official paid by the Ministry of Defence.

Chairman: He is paid by the Ministry of Defence, yes.

Sir Peter Rawlinson: He is carried as well on the strength of the Ministry, the chairman of the committee being the permanent under-secretary. The whole point it seems to me of the emergency procedure is not that he could get further approval of any other particular members of the committee on the defence side, but the press people, and if a specific emergency procedure is in fact provided and it is laid down what it is then this must be to cover positions when the secretary has formed a view but the committee has not yet been either
convened or been able to consider the point. If you do have an emergency procedure, that is there to be used, and if it is not prayed in aid and if it is not called in in an emergency or in a particular situation then surely the person receiving the request is entitled to say that 'D' notices do not apply, no emergency procedure has been called in aid; I am just faced with a request. Therefore, when we come to look at the position of 'D' notice procedure or convention, my submission is, and this has been supported of course by the, as it were, expert evidence, that an editor is entitled to balance against the request given by the secretary considerations of public interest and the possibility that the request could contain elements concerning official or political embarrassment. Political or official embarrassment may seem to us perhaps rather far-fetched, but of course to the press it is something against which they are meant to be on guard. It may be constant war has to go on between the press and officialdom, but they feel, unless the case is made out that this is really of a military nature, that they have to be always suspicious of requests, whether this is right or wrong. In this particular case the editor considered the nature of the story. He told you about the public interest elements which must be put aside in the face of the Privy Councillors' report of 1957, and since the 'Ds' did not specifically apply, he used his discretion and decided to print. Therefore I would say on this there is no evidence of a breach of procedure or of convention, because he was doing what he believed he was entitled to do and what his peers have come here to say in their view he was entitled so to do, namely, exercise his discretion in the face of, as Mr. Pickering said, a categorical assertion that a 'D' applied.

My lord, I turn now to the fourth and fifth issues which arise from the allegations: were repeated warnings that the story was in breach of 'D' notices given before publication? This is important, because the Foreign Secretary's telephone call came after publication. Were repeated warnings that the story was in breach of 'D' notices given before publication, and were Sir Max Aitken, Mr. Marks and/or Mr. Pincher guilty of bad faith? That means going quickly through the evidence. First of all dealing with Mr. Pincher because he starts the story, it is common ground that he telephoned to Colonel Lohan on the Thursday and he enquired if 'D' notices applied to a certain story, leaving aside what he said. Colonel Lohan has agreed that he said to that story 'D' notices did not apply, categorically. The conflict arises because Colonel Lohan says Pincher's story was about the collection of telegrams for vetting from G.P.O. Pincher says he spoke of collection of cables for vetting from cable offices. I suggest you look at the other evidence to see whose recollection is best on this. Wing Commander Harris in his evidence said that a little after 3 o'clock Pincher had asked him about the collection from cable offices that afternoon. That was "cable offices". This would be before Pincher spoke to Colonel Lohan. We can compare that with what Colonel Lohan said about times. Harris said if a spokesman knew—this was another point—a story was under 'D' he would say so, and Harris said nothing (which is common ground) to Pincher about 'Ds'. Secondly, O'Brien was another person to whom Pincher spoke that afternoon, and he says Pincher spoke of cable offices and cables. That is categorical evidence. When it comes to a conflict, if it is to be considered judicially, there is at least this evidence to corroborate Mr. Pincher's version of what he said and contrary to what Colonel Lohan has said. The sequence in any event was that on the 16th Pincher had been informed 'Ds' do not apply. Then comes Friday the 17th. Here there is a conflict, because Colonel Lohan does not recollect any conversation. Pincher says Lohan telephoned, spoke of pressure about embassies and diplomatic furore, and asked Pincher not to write until Monday. Again looking at the other evidence, was there this telephone conversation and was anything said in it as Pincher says was said? Colonel Lohan we know spoke to the Mail on Friday regarding postponement and surely it must be most likely he would have spoken to Pincher of the Express on Friday. Moreover, when the Mail finally published their story they included . . . in their story. That was the story which was read over to Colonel Lohan but he asked them to take that out. That was the evidence I think of Mr. Matthewman. There was certainly something
about embassies with regard to the Mail. Further, Pincher spoke to Mr. Eban on Saturday about diplomatic reaction to the story being given; and thirdly we know the Foreign Secretary was alerted on Friday. Therefore again pointing to what is on the balance of probabilities, there was a conversation on the Friday and there was some talk of embassy reaction. The consequence of this was that Pincher had not been impressed by Lohan's Friday explanations after he had cleared the story for 'Ds' on Thursday and so suspected there was an official motive behind the change of attitude because he had been given an explanation that did not seem to him to be a sensible one.

Chairman: It is common ground, is it not, that on Friday Colonel Lohan who does not himself think he spoke to Pincher on Friday, when Pincher's recollection was there was no reference to 'D' notices—I must not say common ground because Colonel Lohan does not think he spoke to him then.

Sir Peter Rawlinson: Still no mention of 'D' notices, Thursday and Friday. Then there was a second conversation, still no mention of 'D' notices. I have not put that in. Then we come to the important lunch which lasted from 1 o'clock until 3 o'clock on Monday, 20th February. It is common ground that Colonel Lohan produced the 'Ds', the 'Ds' were laid aside and that Colonel Lohan tried to persuade Pincher to advise the editor not to publish. It is common ground Pincher was vehement on the public interest issue and infringement of individual and commercial privilege and liberty. It is common ground there was no mention of any specific operations being in hand, and Pincher promised to pass on the request. All I am going to deal with are those matters of common ground in those two hours. Then we go on to see if we can get any help on what happened thereafter. It is common ground that Colonel Lohan goes to the Daily Mail and there lays aside the 'Ds'. The Mail understands from Lohan that a specific operation was going on. They definitely did understand that. That was Matthewman's and Macpherson's evidence reported to Brittenden. No special operation, it was agreed by Lohan, was spoken of to Chapman Pincher. To see what probably actually happened at the lunch it is important to see that Colonel Lohan took his 'Ds' to the Daily Mail, but did he use them? No, he did not use them because he put them aside at the Daily Mail, so the attitude of the Daily Mail was not governed by the 'Ds' but was governed by the personal request, namely the exercise of his discretion, and the editor did exercise his discretion because he said in his view—this was his personal view—that a request from Colonel Lohan was tantamount to the application of 'Ds', although the 'Ds' had been specifically laid aside. If he says, why did Lohan bring the 'Ds' to lunch if he was not going to apply them, you may say, why did he take them to the Mail if he was not going to apply them, because the Mail evidence is clear, he did not apply them, he relied upon his personal request to the editor.

Chairman: I am not sure. He went straight to the Mail from the luncheon place, did he not? So if he had brought the 'D' notices to the lunch he really had to have them with him when he went to the Mail.

Sir Peter Rawlinson: Yes, my Lord, but the issue, as I understand it, that has got to be resolved is, did he during the course of that lunch apply the 'Ds'; in other words, do these 'Ds' apply? It has been suggested because he had them with him that shows he did apply them. To test that we will look and see what he did at the Mail. Because he had them with him at the Mail did he apply them in the Mail? No, he did not. In other words, though he had them with him at the Mail he did not apply them but relied on his personal request. How can it necessarily be said that because he took them to the lunch with Pincher he must have applied them at that lunch? In other words you have to test what he was doing in the Daily Mail at the lunch by what he used them for the Mail, where we have outside evidence, and it is quite clear that he lays them aside with the Mail. If he is right in what he has been saying, why did
he not say to the Daily Mail editor, "Look at 1956, 1956 applies, clearly 1956 applies. I am telling you, Mr. Matthewman, you must tell Mr. Britten that I am saying the 1956 'D' applies'. He did not do that because, I would suggest, he really knew himself in his heart of hearts at this stage that 'Ds' did not really apply. That is why he was laying them aside. He would much prefer to have been able to say, 'D' does apply, therefore do not use it', but he was putting them aside and he put them aside with the Mail equally as he put them aside with Pincher, and he did this because he hoped the papers would react to his personal request. The Mail did, the Express eventually did not. Then the typing looks a bit strange here, but it is common ground that after lunch while Colonel Lohan is at the Mail Pincher goes back and writes the story. He first discusses the story with the editor, then writes the story. This is the first time the editor has been alerted to this story; that is about 5.45 p.m. It is common ground that at about 6.30 Pincher telephones Lohan, and then it is Lohan's evidence; Lohan leaves wherever he is at about 7.30 to get the 7.49 train which arrives at Charing, Kent, at 9.11 p.m. Chapman Pincher's version of the 6.30 conversation was, "They are going to print; I cannot tell you if it will be definite today, but I will let you know by 8.15".

Now, my Lord, there is a conflict which may have been unnecessary but I suppose it has to be dealt with, because Colonel Lohan claims there were about three or four conversations and Pincher sent that evening up to him for the 'Ds'; and Pincher says there was just one conversation about him not being available between 8.15 and when he would be home at 9.30. On that point you have indicated you are not interested, but it might be that hereafter when we are not here it might arise again, so I think I will deal with it. It is common ground the receipts do show some apparent date alterations. Pincher denies he sent for them on the 20th; he says he sent for them on the 21st after the House of Commons statement, because this is the time he says he wanted them. The Express messenger book clearly shows a messenger went to Colonel Lohan on the 21st and on the 22nd, and there was no messenger on the 20th. My Munday has told you that after the House of Commons statement, a few days after Wednesday, Colonel Lohan spoke to him, spoke to the actual man in charge of the messengers, not very high in the hierarchy; he actually did speak to the chief of the messenger boys to inquire the names of the messengers; and Colonel Lohan's secretary inquired of the Express when a messenger had been sent. I put those as facts before you; I do not want to make any more comment, but misunderstandings can of course arise, but this was not cross-examined to because in fact it was not known there was this dispute. But on that evidence, applying again not only the balance of probabilities but really proof, I suggest it must be on the evidence incorrect that the 'Ds' were sent for by the Express on the evening of Monday the 20th. Of course it might be considered to be relevant, what were they doing sending for 'Ds' on the very night of writing the story; in fact they never did; they sent for them the day after.

There was no contact with the Express by Colonel Lohan after Pincher spoke at about 6.30 until 9.38 p.m. when Colonel Lohan spoke to Mr. Johnson. An arrangement had been made, according to Pincher, that he would telephone Colonel Lohan as soon as Lohan got to his house at Charing, and this he did, and Lohan of his own volition went out of contact during this period of 6.30 p.m. to 9.30 p.m., whatever his reasons may be; he may have thought his request had been rejected, he had done all he could do. Again I suggest perhaps at this time in Colonel Lohan's mind was the thought, "There is nothing I can do because 'Ds' do not really apply. All there is for me to do is to make my request". It was only thereafter when the pressure came upon him that he persuaded himself that 'Ds' do apply, but at the time, if you look at the facts and the times, it looks as if he is making his personal request all that he can rely on with the Express and, that having failed, there is nothing more he can do.

On all those matters with regard to Mr. Chapman Pincher he can only be said to have been in breach of faith or to have broken any form of procedure or agreement if it is said that he was told that 'Ds' applied and that he
wrongly conveyed to the editor that ‘Ds’ did not apply. I can only say you have heard Mr. Pincher, you know of him and, without my needing to stress it, why should he have done such a thing? It is unthinkable. Secondly all the story, and this is most important, is much more consistent with the laying aside of ‘Ds’ which was done at the Daily Mail and which was done to Chapman Pincher, and he correctly passed on to the editor that ‘Ds’ did not apply but Lohan urges not to publish.

Chairman: I think on this we want to know exactly how you put Mr. Pincher’s assurance to the editor, that in effect he cleared the ‘D’ notice question with Colonel Lohan, because he does seem to have said categorically to the editor—that is the word used—“Lohan agrees”, or “I have cleared this with Lohan”, or something like that. Could that be a really adequate reflection of what had passed from beginning to end of the luncheon meeting? I think on the way the Express has put their attitude in general and their position it was very important to the editor he was not given the impression that there was any argument open about it.

Sir Peter Rawlinson: Certainly, my Lord. May I just take again the position? Look at Mr. Matthewman and Mr. Brittenden. What did Mr. Matthewman report to Mr. Brittenden on the Mail? He reported that Colonel Lohan asked that there should not be published this story, but that these were laid aside. I will get the exact words. It is on page 26 of Mr. Matthewman’s evidence, my Lord. Mr. Hirst is asking him:

“Q. Having finished, as it were, with Colonel Lohan, did you go straight to the editor to see him?—A. I did.

Q. Did you report to him in general terms the gist of what Colonel Lohan had told you?—A. Yes, I certainly did.

Q. Did the editor then ask you a question, and if so what was it?—A. Yes. The editor asked me whether Colonel Lohan had referred to a specific operation going on at that time, and naturally I said Macpherson had asked that question, and I told him the answer which I have already given to the committee.

Q. Did you and the editor then discuss the principle involved in this kind of approach by Colonel Lohan, and if so in what terms?—A. We did discuss it. There was some conversation between us on the question of whether this approach had the equivalent weight of a ‘D’ notice, and in the course of that conversation I think we both agreed that in such a system as we have of a voluntary system of trust and confidence we could neither of us—I had better not speak for the editor—but I said I could see no difference in principle between a request put in this manner by the secretary of the ‘D’ Notice Committee and a ‘D’ notice itself; it did not seem to me to alter the principle of the thing at all.”

What quite clearly arises from that is that Mr. Matthewman was not saying to Mr. Brittenden “Lohan has applied the ‘D’ notice. What he is saying is, “Lohan is requesting not to publish; ‘Ds’ have been laid aside”.

Chairman: The actual passage I think is on page 25 of Mr. Matthewman’s evidence:

“Q. Was anything said or done about ‘D’ notices?—A. Yes. Colonel Lohan at a stage in the conversation did say ‘There are as a matter of fact a couple of ‘D’ notices’—which he half drew out of his pocket—‘which could be said to affect this particular story’. But he put the ‘D’ notices back and said ‘However, this conversation is not on the basis of ‘D’ notices; this is on the basis that I am making an approach to you in this manner’. As far as I can recollect there was no further reference to ‘D’ notices at all in that conversation.”

Sir Peter Rawlinson: Then on page 29 you asked, your fourth question:

“Q. Then when Colonel Lohan came to see you on the afternoon of Monday, the 20th, he apparently had two ‘D’ notices with him, and made reference to them?—A. That is right, my lord.
Q. Did it get as close, between you and him, as Colonel Lohan actually reading any bit of them out to you or referring you to them?—A. No, my lord, not at all, they were not even opened.

Q. So it really was not present to your mind one way or the other as to what particular wording was used in those ‘D’ notices which he said had reference?—A. No, my lord, in fact the reverse, because he said he was not making a point of those ‘D’ notices.

Chairman: I follow that; I will mark that. Now you go back again to Mr. Chapman Pincher.

Sir Peter Rawlinson: Bearing that in mind, the evidence of Colonel Lohan’s attitude a few minutes later, then we come to see what was his probable attitude towards Chapman Pincher, and of course Chapman Pincher’s version of it is identical with that of Matthewman, except that Pincher is more forthright with his friend and there is no trying it on with him and he is very vehement about it, and he says the ‘D’ notices go back into Lohan’s pocket and the argument turns about generally on the matter of security, the pattern, with Chapman Pincher getting vehement about interference on this scale with privacy and liberty.

Chairman: Would even that amount justify him saying to his editor, who was not in touch with Colonel Lohan, “They are cleared with Lohan”, because that is a positive statement, not saying “Lohan is not relying on them”?*'

Sir Peter Rawlinson: They are either applied by Lohan or not. If they are not, then the story is cleared. It must be one or the other; you cannot half apply them. He does not apply them, he lays them aside. You either apply a ‘D’ notice or you do not. If it is not applied, then it is clear. So his position was “Do ‘D’ notices apply”. “No, they do not”—they are clear. That is what he said and that is what he did. And, as I have said, it is illustrative—the *Mail* indicates what it was. And you have other evidence to show the attitude Lohan was adopting. Matthewman does not say ‘D’ notices were applied: he says ‘D’ notices were not applied. And if ‘D’ notices were not applied the story was clear. Otherwise, my lord, the situation is this: half a ‘D’ notice on this, a bit of a ‘D’ notice on this. What does this make of the procedure? Pincher’s duty was to do what Lohan asked him to do, and Lohan asked him to convey a personal request not to publish. And it was therefore on the basis outside the application of Ds, solely on personal request.

My lord, again if this had got to be examined judicially it would have to be on the basis of an accusation or a finding of guilt or misbehaviour or inaccuracy. In a matter such as this it is as important to journalists as it is to anybody else. It is surely fair to him to be able to look at the outside evidence and see if it more corroborates Lohan or him, because the only bits you have are corroboration and fact of Chapman Pincher. Should he therefore have indicated to the editor that there was some possible discussion about ‘D’ notices? My lord, again I pose a rhetorical question: what good would that have done? Either they apply or they do not. Lohan was clearly not applying them to the *Mail*, not applying them to Chapman Pincher. Therefore the report which he made to the editor was a perfectly fair report, made on his experiences of ‘D’ notices. He accepted what all the other editors, looking at it completely fresh, have said—without any good reason they have got an alliance—*Telegraph, Mirror, New Statesman, The Times, Daily Express*, all together, and surely this does indicate that in their view ‘Ds’ did not apply, and this is exactly what Chapman Pincher was saying to his editor. And it would be very hard and very wrong to say “Well, you discussed for a bit of the time about ‘Ds’; you ought to have put that in”, because the responsibility is on Lohan. Lohan could have gone to the editor. Instead he got the 7.49 train home and did not get home until 9.11. Lohan knew at 6.30 the decision had been taken to print. Why did he not go round to the Daily Express and see the editor himself, because he knew.

Chairman: He knew at 6.30?

Sir Peter Rawlinson: He knew they had decided to print but not definitely whether it was going to be that night, but he would be told at 8.15; the decision had been taken to publish but it was not certain whether it would be that night, in case some major story came in.
Chairman: I did not get quite that impression. It is in my mind that Chapman Pincher said at 6.30 he could not give an answer to Lohan and it was not until he rang up after Lohan had got home that he said “You have lost”.

Sir Peter Rawlinson: The position was he had written the story, the editor had decided to print. It is true there was no decision that they would be printing that night, but the request had been rejected. The reference is page 12 of Day 3, 15th March, second question:

“Q. After this, about 6.30, did you have a conversation with Colonel Lohan?—A. Yes, I telephoned him at his office to tell him I had written the story and I had taken it in to the editor and I had told the editor of his request, including the bit about all powers of persuasion. And I told him if we did decide to print the story that night I would inform him. There is a reason which I should explain to the committee as to why I just could not say to Colonel Lohan the moment I thought the editor was going to print it “Look, I think he is going to print”, because I knew in spite of what he said about the Daily Mail being in the bag, that he would be duty bound to ring the Daily Mail and say “The Express is going to print”. It would not be possible for me to be certain that night until 8.15 that we were going to print that night. The editor may have decided to print but not that night, if something big had come in. But if Colonel Lohan rang the Mail and said we were going to print, the Mail could have come out with the story. So I had to be certain before I rang Colonel Lohan, who I knew would ring the Mail and tell them that we were printing that night. So I told him “I cannot be sure we are printing tonight until 8.15”."

Chairman: I would not read that as saying there was a firm determination to publish this story but not necessarily on Tuesday morning; I would have thought it left it open.

Sir Peter Rawlinson: We will turn up his statement, page 12. Yes, I think I have put it too high:

"At about that time I telephoned Colonel Lohan to tell him that I had written the story and had told the editor of his request. I promised that if the paper decided to print the story that night I would inform him as soon as possible, but that I would not know the final decision much before 8.15 p.m.”

What I took from that was that the request had gone, he had written the story, he would not know if they were to print that night until 8.15. At 8.15 Colonel Lohan is en route to Charing in Kent and does not get there until 9.30. My point remains the same, that Colonel Lohan should have gone to the editor, should have gone even if there was doubt if it would be printed that night. He could have gone to the editor at the Express or sought him out wherever he was. And Chapman Pincher’s attitude anyhow, my lord, was “‘Ds’ do not apply; it has been tried on but they do not apply, and I am entitled to say to the editor ‘They do not apply’”. And this is what he did tell the editor. So much for that.

Now I will turn briefly to Mr. Marks. It is said on page 10 that the editor first heard anything about the story at 5.45 on Monday the 20th; that the editor was assured by Pincher ‘Ds’ did not apply; that the editor checked that the Official Secrets Act did not apply; that he received Lohan’s personal request not to publish; that he assessed not only Lohan’s request but also political interest in a story of a general interception of communications on such a wide scale; and that between 6.30 and 7.10, having received no letter or further word for Colonel Lohan the editor decided in exercise of discretion that since he was assured ‘Ds’ did not apply he would publish.

Therefore at that time when he said he made his decision he had received no warning not to print. He had received a request not to print. But before publication he received no warning that the story was in breach of ‘D’ notice. I think that seems to be categorical, unless you want me to deal with it in detail. But if you accept that, the position is there was no warning, no warning in those terms was given or could have been given at any earlier time, because ‘Ds’ were not applied.
He then goes to the Garrick Club dinner for Sir Trevor Evans. And at 10.15 he gets a message from Sir Max. And we see from the times that by then Glasgow must have gone to press by half an hour and would be certainly on the streets and sold round the hotels in Glasgow.

He then received a message and immediately speaks to Glasgow and rings up McColl. And he has told you why he rang McColl—because Sir Max said Glasgow. And why did Sir Max say Glasgow?—because the Foreign Secretary said Glasgow. All this fits in.

He then speaks to Johnson, and again it is of significance, when Johnson tells the editor of his conversation and produces the memorandum, when there had been no mention of ‘Ds’. The first thing Colonel Lohan would say would be “I understand you are publishing the story. I must tell you categorically there is a ‘D’ notice applied”, but he did not, because he could not.

Then the editor returns to the office and reads Johnson’s memorandum. That again is only a matter of the request from Colonel Lohan. And by the time he is back and reading the memorandum all three centres have gone.

He then speaks to Greig to tell him cable vetting had been cleared for ‘Ds’, as he had been informed. And he speaks to Lohan, who says for the first time that the story was under ‘D’ notice. He has not said this to Matthewman, not to Macpherson, not to Johnson—to none of those people did he say it. But he says it to the editor this time.

By this time the balloon has gone up, of which you will be more aware because of this procedure whereby persons who in fact are accused, perhaps not formally, do not know all the story. But the balloon had by that time gone up. And Lohan for the first time mentions the ‘D’ notice and that he had told Pincher about the ‘D’ notice. All I can say again is Pincher denies that, and other evidence indicates that he had not.

About 11.40 Greig gets on the telephone and says the story is under ‘D’ notice, he has been alerted about that particular one.

And at 12.45—which can be checked, because it is a call outside London—the editor informs Lohan that he is stopping the story. He assumes others will not print it. But he is told The Times and Mail are publishing, so he decides again that ‘Ds’ have not been invoked. The summary of his position is set out there. He did not receive a warning before publication, which is important to bear in mind, because Sir Max’s message comes after publication. And he himself has discretion, because he did not think a request from Lohan via Pincher had the equivalent force of a ‘D’ notice. We have heard of no warnings being given, except the Foreign Secretary, and that was given to Sir Max. If his interpretation of the procedure was correct, which is supported by his fellows, then certainly he did nothing wrong.

Then we come finally to Sir Max. He receives a telephone call at 10.10. Again I would ask that the demeanour of witnesses should be looked at. You heard Sir Max give his evidence. I suggest to you that it is correct. He received the telephone call at 10.10—and this is quite significant, because it is quite obvious a misunderstanding could have arisen. He was called from the Garrick Club. The Foreign Secretary asked for Sir Max and thought he was at the Express. But the Express put him through to the Garrick Club. The Foreign Secretary does not appreciate that Sir Max is in fact at the Garrick Club. And this business about the editor being beside him is a misunderstanding. But it indicates how people can be misled. And the Foreign Secretary may indeed have been misled and misunderstood that. But quite clearly what Sir Max says that the Foreign Secretary said was they were running a story under a ‘D’ notice in Glasgow. This is the Glasgow point. We are not able to call Mr. Eban from Japan. But immediately after Sir Max telephones Glasgow to check. Immediately after Sir Max said something to that person and a few minutes later he says something to Derek Marks, a few minutes later he says Glasgow. Can I remind you Glasgow is where the paper was being sold at that time and Glasgow is what was said by the Foreign Secretary according to the
recollection of Sir Max. The editor immediately telephoned to Glasgow to
McColl because he thinks "'D' notices" and his immediate reaction to that
was Polaris or something of that kind. He gets through in a matter of seconds
and then gets back to the London office.

The Foreign Secretary made a point of saying he believed that Sir Max knew
what that story was. Sir Max tells us categorically he did not. That is a belief
as opposed to an assertion by the witness. And I would ask you to accept that
what is based upon belief should not be balanced against what is said to be the
case. And the editor did not speak to Sir Max before the telephone call and
had no idea what the story was. And what was more sensible than to say "If
we are running a story under 'D' we will take it out"? The emphasis I put
is "if". But the conversation probably was "Yes, if we are running a story
under 'D' we will take it out", without emphasis on the "if". But the position
is he would think it highly improbable that purely at the request of the Foreign
Secretary the proprietor would say he would immediately take it out without
seeing if it was under 'D' notice. Ministers are mortal and can make mistakes,
and clearly the proprietor would have wanted to see if there had been a
mistake. So what is more likely on probabilities is that Sir Max's version is
correct. He did not know what the story was, and if he did not know it is
obvious he would have said "If it is under 'D' we will take it out".

Chairman: What is your reference to the Foreign Secretary believes? He
did at one stage in his evidence use the "if" himself.

Sir Peter Rawlinson: Yes, but he says "if" was not stressed. That I can
see may well be. A complete misunderstanding can arise over this. He has
got information which you have got and which we have not got of what was
happening, and he did not want to speak on the telephone, and one can see what
could have happened in that conversation.

And then—"possibility proprietor necessarily knew of story unlikely". I have
set out on page 13 the corroboration of Sir Max's version. And if that is so
there has most certainly not been a breach of faith by Sir Max in any shape or
form. He did as he promised, which was that the story would be taken out if it
was under 'D' notice.

I am very desirous obviously, in my position as counsel for Sir Max, Mr.
Marks and Mr. Pincher, to deal with any matters which may be in the mind
of the committee, because although the committee has got a lot of work to do
this is to all three of very considerable importance. And because the committee
has had to cross-examine as well as judge, and combine the role of the two,
I am entitled to ask you if on their individual points I can help the committee in
this respect, in regard to the position of the three individuals, as opposed to the
system, because this is an examination to see if there is any bad faith which
must be considered judicially, and the onus is on those who have asserted it to
show that there was that. But I suggest there is no evidence of bad faith by any
single person. At the worst there is a misunderstanding and it was not a
misunderstanding brought about by Sir Max or the editor or Mr. Pincher.
Therefore I ask that there should be findings of this committee. And I have
set them out in paragraph 4, as you see, my lord.

Chairman: Yes.

Sir Peter Rawlinson: That there was no breach of any 'D' notice; Certainly
no clear breach of two 'D' notices; That there was no breach of the 'D'
otice procedure or convention; That there were no warnings (I want to
emphasise "warnings") whatever before publication; That where a story
contains public interest elements beyond solely security, and where it is believed
no 'D' notices apply, an editor may exercise his discretion and cannot be
criticised for exercising it in a way which officialdom dislikes.

Chairman: Warnings would include no undertaking to take the story out
which was broken?
Sir Peter Rawlinson: Yes, certainly.

Chairman: The Foreign Secretary's evidence on one point of view might read “His undertaking that it would come out as long as they were given enlargement of the story the next day”.

Sir Peter Rawlinson: Yes, that could be one interpretation of what he said. He then did not agree with me in cross-examination about the “if”—if it was under ‘D’ notice it would be taken out. I think the Foreign Secretary got the impression that it was under ‘D’ notice; so when he heard Sir Max say “If it is under ‘D’ notice, I will take it out” that was an end of the matter. The whole thing goes back to whether it was under ‘D’ notice; this is where the misunderstanding arises. And if it was not under ‘D’ notice, then the Foreign Secretary was under a misapprehension and had been misadvised in that way; and therefore it follows.

Chairman: This is a very useful document; we are all grateful to you for putting it in this form.

Mr. Selwyn Lloyd: I am puzzled by this word “military” in paragraph 131 on page 36 of the 1962 report. Why was it put in quotes?

Chairman: I think I can answer that.

Sir Peter Rawlinson: You know better than I.

Chairman: I think it is due to the fact that nobody would admit on the Press side that ‘D’ notices related on some occasions to matters wider than “military” defence as that phrase is normally understood; on the other hand, this has been the practice over the years.

Sir Peter Rawlinson: If you look at page 39, paragraph 143 (b), it says: “The agreement on the Press side to receive and respect ‘D’ notices is contingent upon the subject matter being confined to ‘naval, military and air matters the publication of which would be prejudicial to the national interest’. As we have said, this formula is not strictly insisted upon: but any attempt to go outside it is liable to be regarded with suspicion and should only be resorted to, therefore, on special occasions when the subject is one of grave and obvious importance. There is always likely to be resentment if a Notice is thought to have been dictated by ‘political’ considerations, or if it is thought that the official side is trying unreasonably to suppress here matter which is already public knowledge abroad”.

I should have thought it was a paraphrase of the idea of naval, military and air matters which has got to be something affecting the State, which an enemy or potential enemy might do to the State. This would be taking it at its extreme of course. “Military” clearly would mean something to do with physical defence, real reality of defence.

There was the question of the non-nuclear reactors which was held out. That was of course not a military matter. But it was held out because representations were made and requests were acceded to.

Chairman: The whole question of course is counter intelligence and espionage.

Sir Peter Rawlinson: This is a story which clearly has got elements within it which do not go beyond strictly the military, because of the well-documented reaction of people to the interception by the Customs and Excise, the Inland Revenue, of commercial firms, of private communications. That obviously has to be done on occasion, but when it is done it has to be done, so the Birkett Committee says, selectively.

That is all I want to put, my lord, save, as I have said, that in this kind of procedure, where I know not what you have got, and where you have to act as prosecutor as well as the judge, I would ask, if I may, that if there are any matters which you think arise and which affect any of the three persons for whom I appear, I would ask that we should either be called back or that it should be put before us now to deal with it; otherwise I have concluded my submission.

Chairman: Thank you very much. I am obliged to you.
Chairman: We have a memorandum, Sir James, not explicitly described as coming from you but from the Government side, about the Press and Broadcasting Committee (Document No. 15). You and your colleagues will be speaking to the theme of that document?—A. Sir James Dunnett: Yes, certainly.

Q. You have raised a covering point, I think, in a letter to the secretary, which we had better deal with right away.—A. That is the particular business of the Spectator articles?

Q. Yes.—A. I think I ought to report to you that before coming here I did have a meeting of the Services Press and Broadcasting Committee, in case there were any points which the Press members wanted to raise about the procedure generally, and at the end of that meeting a number of the members on the Press side pressed me very hard about what was being done about the Spectator articles, and made it very clear that they as Press men took a very serious view of this; they thought it quite wrong for the Spectator to publish the substance of ‘D’ notices, and they regarded the second article, indeed the first one, as a quite unjustified attack on the secretary, and they pressed me very hard as to whether the committee as a whole ought to refer it to the Press Council. They were not unanimous on that, but did feel very strongly that the Spectator should not get away with it. I told them you might be dealing with that and we had better leave it for the time being, but I thought I ought to report that they did feel very strongly that the Spectator articles should not just pass with no action being taken on them.

Q. I do not know what my colleagues think about it, because we have not had time to discuss this. Of course, we are not a disciplinary committee in any sense, nor I gather is the Press and Broadcasting Committee?—A. Certainly not.

Q. The only disciplinary organisation in the whole press set-up could be said to be the Press Council?—A. Yes.

Q. It has I imagine never had a case referred to it from your committee has it?—A. I do not think that has ever happened, no.

Q. Of course, this Spectator publication occurred after the Daily Express article?—A. Certainly.

Q. And is really a Press pendant to it?—A. Certainly.

Q. It is not in any clear sense in our terms of reference. The only point is whether, when we come to consider the second part of our inquiry—to consider what improvements if any are required in the system for the future—we ought to investigate this claim by the Spectator that the ‘D’ notices are not confidential, because I think that is the line it took, that there is no harm in publishing the contents of a ‘D’ notice?—A. My committee as a whole, and certainly the official side, certainly disagree with that line, and the press members themselves made it quite clear that in their opinion these ‘D’ notices must be regarded, as they always have been by the press, as confidential and not for publication.

Q. They are marked in that form, are they not?—A. Yes.

Q. And always have been?—A. Yes.

Q. We in a sense do not know what the understanding is, but your Press members are clear that every editor for whom they speak would regard this as something which he had to keep locked up in his desk, and that he should never actually make it part of his printed material?—A. Absolutely.

Q. Then there is also a distinction drawn by the Spectator, I think, between ‘D’ notices of one kind and ‘D’ notices of another kind?—A. We would not admit any such distinction, they are all private and confidential documents.

Q. The third point I understand is that they maintain they have never been under the system, that they have never received confidential communications. That is a question of fact, which Colonel Lohan with his records could prove?—A. I can say something about that. The fact is that the words which they used in their second article were very carefully drafted, they said “the present editor and none of the present staff”, that in fact no ‘D’ notice has been
issued since Mr. Lawson took over. The Colonel has in his possession a receipt from Mr. Iain Macleod, shortly before he gave up, when Colonel Lohan had sent round a note to all editors, saying: "Will you confirm you have got these 'D' notices?", and Mr. Iain Macleod acknowledged receipt of that and also referred to the fact that Mr. Lawson would be taking over from him in a few weeks time, so we regard that as evidence, which is borne out I think, by Colonel Lohan's records, that certainly the Spectator had received the 'D' notices.—(Mr. Wilson): I think the letter Colonel Lohan was referring to was a letter which he was sending round to the alleged recipients of 'D' notices, to check that the address and person to whom they should be sent were correct. It was headed "Questionnaire about 'D' notices", and therefore was specifically related to 'D' notices, and I understand it was not an attempt to check up that the Spectator had received all previous issues of 'D' notices, but to the extent that Mr. Macleod acknowledged that this was the right address to which 'D' notices should be sent, but that in future Mr. Lawson would be taking over from him, it implied that he accepted that the Spectator was on the 'D' notice circulation list.

Q. Are comparable weeklies recipients, that is, the New Statesman, the Economist, and so on?—A. (Mr. Drew): Yes.

Q. It would be surprising if the Spectator was not on the list.—A. (Sir James Dunnett): Very surprising.

Mr. Shinwell: I should have thought we were justified in asking the editor of the Spectator a few questions, particularly as they condemn the existing procedure. Why should we not enquire from him whether he has got any views on an improved procedure on a matter of this sort, and what was the motive in publishing the article they did. I think I would not take it too far, but I certainly think they came into the picture of their own volition, and there is no reason why the editor should not explain his purpose, and be asked in particular whether he has got any constructive suggestion to make. After all, we are an inquiry to consider that.

Chairman: Yes, I see some force in that. That would only mean that you have given us the background of your understanding of the Spectator's position in the system, and as they have said they are quite ready to come and offer their explanation we may decide to invite them. You cannot carry it further at the moment?—A. We cannot carry it further, no.

Q. Then perhaps we can now come to your memorandum, but could we just be clear first as to whether we should regard the memorandum as coming from the committee as a whole or coming from the Government side?—A. It comes from the Government side, and in so far as the committee's views are concerned I can express those orally. This is not a document from the committee as a whole. I think the first part of the paper deals with the question of whether there is really any alternative to something like the 'D' notice procedure as it is at the moment, and concludes that there is not. If one accepts that, then I think one considers how one can take the system broadly as it is and modify it in detail to make it work better than it has worked so far. If one accepts that, one then comes to certain specific proposals, and perhaps I can touch briefly on them.

Q. I have a question or two as we go along. In paragraph 4 on page 2 it is stated:

"On the positive side the 'D' notice system undoubtedly serves its purpose well on many more occasions than it is infringed."

Then you have three headings of information:

Q. It has not been publicised, no, but would you attribute that to the positive working of 'D' notices?—A. I would say that, as this practice has been going on for forty years, I would answer in the affirmative, yes.

Q. Then on page 3 you consider whether there is any alternative to the present system which is feasible, and in effect—and I am not criticising this—you think there is no feasible alternative system?—A. That is right.
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for forty years, I would answer in the affirmative, yes.

Q. Then on page 3 you consider whether there is any alternative to the present
system which is feasible, and in effect—and I am not criticising this—you think
there is no feasible alternative system?—A. That is right.
Q. Then you say:

"If the present infringement can be cleared up and put aside and a basis of confidence and mutual co-operation re-established between the official and press sides, there is no reason why the system should not continue broadly as it is."

Then come the questions of what I will call minor amendments, because they do not affect the main conception under which it works, and then you go back to the special case of the Spectator, and then, on page 5, "The role of the secretary"—A. I did just want to say a few words about that. As the paper says, we regard this as being absolutely crucial. He is a servant of the committee, and obviously he must be somebody who enjoys the full confidence of both sides. There is one point to which I would like to refer briefly in this connection: I think because of the fact that this post was held for so long by Admiral Thomson, whose work was known to everybody, and who had been in censorship during the war, and that certain things went on for a very long time without being looked at, and for example at the present time—and as you know I have only taken over the chairmanship fairly recently—it has not been held that the secretary of the committee needs to be fully P.V.d., I think this case emphasises something that I have felt for some time, that if people are going to talk very frankly to the secretary about some pretty secret things, it is for consideration whether it would not help the thing if he was known by all the people concerned to be fully P.V.d.

Q. Are there any objections to that? Let me ask you first of all: have you any reason to suppose that the fact that the meeting at the Foreign Office, on the Friday before the publication, included a number of interested agencies but did not include Colonel Lohan, who was to do the work, was due to the fact that he was known not to have been fully P.V.d.?—A. No, I would not go so far as that... So I would not like to go as far as saying that he was kept out of that meeting because it was known that he had not been fully cleared P.V-wise. I am making the more general point that I think it would probably help general confidence and freedom of discussion between Government departments and the secretary of the committee if it was known that he was fully P.V.d.

Q. If you do not see any argument against it, I should have thought it might well help.—A. I see no argument against it.—(Mr. Drew): None whatever.—(Sir James Dunnett): The secretary is certainly the key figure in the whole thing, and I think that is what we are trying to say here.

Q. You then have a point in paragraph 10, that it might improve his position if he were made a full member of the committee. My own mind is doubtful about that.—A. I am bound to say, so is mine. This is a suggestion which has been made in the past by Colonel Lohan, and I think it was referred to in the 1962 report about 'D' notices. I personally do have reservations about this particular one, I think he is better off and is more trusted by both sides if he is not a member of the committee, and I do not really think it would strengthen his position if he was on the committee.

Q. To some extent it might weaken it, might it not, because if he speaks as secretary he speaks for everybody, as long as he carries out the right procedure?—A. Certainly, that is my own view.

Q. Your next heading is "Channel of advice to the secretary". I think, if I may say so, this is an ideal scheme, but I wonder whether it is practical in the setting of press work?—A. If I may make one comment, certainly I have got reservations about what is said at the end of paragraph 11 about instructions in writing, I do not think time allows for that, but I do think there is force in the suggestion earlier in paragraph 11 that in a particular case he should receive briefing through one single channel. I think in this particular case there was confusion as between the Foreign Office and M.I.5, and I think it would have been easier and better for him if he had received information through one channel.

Q. The way he gets his briefing—of course, these things obviously have to be done sometimes under great pressure of time—nine times out of ten is through his getting on to something which comes to him from the Press?—A. Certainly.
Q. And he has to choose then what particular source he is going to for advice?—A. Certainly.

Q. He cannot himself—and it would be useful if he could—at once summon a co-ordinated meeting of Foreign Office, M.I.5, Home Office, whatever it is, so he is really always making his enquiries from point to point, as it were?—A. Could I make two comments on that: first, in this particular case, when he was originally phoned up, he said: "I know nothing about this", and put the enquirers on to the press section in the Ministry of Defence, and in this particular case it was not a case of him getting on to the Foreign Office, he would not know the Foreign Office were involved, it was a question of Foreign Office via M.I.5 getting on to him. But in general what I would like to suggest—and I was coming to this point later—is that I think the procedure would work better if we had a designated officer in the Ministry of Defence, and I think it should be at under-secretary level, someone who would be my sort of No. 2 on this, so that on any case where Lohan got an enquiry and did not know whom to get on to he would go to this particular under-secretary in the Ministry of Defence, who would then get in touch with the other departments as concerned, or would come to me as necessary, but this would provide one general focal point for all Colonel Lohan's enquiries and I think this would improve the procedure.

Q. You do not think that would cut Colonel Lohan off in a way that he would find crippling? It would mean his working through this man, would it not?—A. No, I would not say that this would be an exclusive channel. If he knew that some other department was concerned, and if he had a contact in that department, I certainly would not object to him using that channel. But I think it would be useful if he kept the single under-secretary in the Ministry of Defence informed of what was going on, in case the thing was going to blow up.

Q. And he would be someone who would have sufficient understanding as to whether to get hold of the other departments interested, and try to get out a minute which would represent an effective view?—A. That is right.—(Mr. Wilson): As I understand it, it is fairly simple to designate on a particular 'D' notice whether the information which it is designed to protect falls predominantly in the defence field, as Sir James has said, i.e. movements of troops or particular types of weapons, or whether it is more in the intelligence/security field, . . . What I think we had in mind in this proposal is that you could, when you draw up a 'D' notice, say that the department primarily interested would be the Ministry of Defence or M.I.5, and that department would then normally be the point of contact with the Secretary of the 'D' Notice Committee, . . . What we felt was that if you started off with this sort of initial designation, that prima facie any questions on this particular 'D' notice should be referred to the Ministry of Defence or M.I.5, then with the procedure which Sir James has mentioned there would be a long-stop to deal with the rogue one which did not fall neatly into any category.

Q. This would not appear in the form of the 'D' notices?—A. No, this would be an arrangement on the official side to help the secretary in dealing with enquiries from the press side.

Q. Yes, that might help.—A. (Sir James Dunnett): Then, if I could go on about the composition of the committee, we feel that instead of having, in addition to myself as chairman on the official side, three Second P.U.S.'s from the Ministry of Defence and the Permanent Secretary of the Ministry of Technology, one Second P.U.S. from the Ministry of Defence would be enough, plus the Permanent Secretary of the Ministry of Technology, with a Deputy Under-Secretary of the Foreign Office and the Permanent Secretary or the Deputy Secretary from the Home Office. We think this would give a better balanced committee than the one we have got at the moment, and I would also like to add the under-secretary from the Ministry of Defence to whom I have referred, who would be the central contact point with Colonel Lohan.

Q. You have passed over paragraph 12, and I think perhaps we ought to have a word about that in a moment, but on paragraph 13, the composition of the committee, you cut down the people who are left over from the three separate
defence ministries, but you add the Home Office, you add your new idea of the central contact man in the Ministry of Defence, but would it be wise to get the Foreign Office avowedly on this? It would create great press suspicion, I think.—A. I certainly do not feel very strongly about this one.

Q. . . .

Mr. Shinwell: I am bound to say that I find nothing in this memorandum which deals with this kind of case which is under review.—A. I think we have missed out the system of appeal, and I think this does come closer to this particular case.

Q. I was looking at your summary of recommendations. You see, your suggestion is, at the top of page 10:

"There should be provision that where there is disagreement between the secretary and a newspaper over the publication of an item, the matter should be referred to the chairman of the committee so that he may have an opportunity of discussing it with a representative of the unofficial side of the committee or with the editor of the newspaper concerned".

but disagreement about what? Disagreement about a 'D' notice, whether the 'D' notice should be published or whether it should not be published, or a disagreement as to whether it is a valid 'D' notice? That is the difficulty which has arisen on this particular case. You see, in this particular case Colonel Lohan obtained some information on Thursday, then he has discussions on Friday with one of the departments or several of the departments; he receives some kind of instructions, but he is told apparently, according to the evidence: "Do not say too much, be very careful what you are saying". Whether this helped him or whether it confused him, I am not prepared to say at the moment. Then on the Monday he has a lunch, and there are doubts about whether it is a 'D' notice or not. This is how it goes on. I do not see how this helps. And if we come back to the suggestion you were putting, you can appoint a single person who will represent all the departments concerned, the Home Office, the Ministry of Technology and what have you, but similar difficulties could arise. Then what is done? You leave it to the chairman. If there is ample time to communicate with the editor of a particular newspaper, I can understand it, but suppose there is not time? And over this weekend apparently there was not time.—A. Over the weekend, Chapman Pincher had agreed to hold the story until he could have this lunch. But I am sorry, I missed paragraph 12, and I wanted to say something on that, because I think it is very relevant to the point which Mr. Shinwell has raised. I think we are all very conscious of the difficulties to which reference has just been made, and I think it was because of that that Colonel Lohan has suggested this stop procedure. I am bound to say that I find very considerable difficulties about this. I did in fact have some discussion with the Press members of the committee, as to whether they would be prepared to appoint a vice-chairman, and I had two things in mind there: primarily, somebody that I could get in touch with on general matters fairly quickly, and secondly, somebody to whom I could talk on a particular case. They said they would think about this, but they made it pretty clear at my meeting that they would find it very difficult to nominate a press man who would get involved in a particular episode, because this would mean one representative of the press, or connected with the press, interfering with a story which another newspaper had got, and they made it quite clear to me that they would find this very difficult as an idea to go along with. So I think Colonel Lohan's idea of this referee sub-committee will not really work. Having said that, then one of course is left with the very point to which Mr. Shinwell has referred, which is a very difficult one. I think one has got to accept it that the basis of the whole system is a voluntary one, that there always will be cases where an editor, although he has been told that the official view is that it is covered by 'D' notices, may chance his arm. I personally feel that this is just one of the inevitable ingredients of the system. But I think if Colonel Lohan, operating with an under-secretary, referred difficult cases of this kind to the chairman, I think it would be up to the chairman to try and get in touch with the editor himself, and I would not like to say more than that this might help. I do not see that even if I spoke to the editor, the
editor would necessarily can the story, but I think it might reinforce whatever representations had already been made by Colonel Lohan. This I know is not a full answer to the point which has been raised, but I am bound to say that it is as far as I think we can go, given the nature of the system.

Q. But supposing there are doubts about whether the 'D' notice is valid or not, there is some disagreement, is it not very much better if somebody of high rank in the department—not a Minister, but a high ranking civil servant—makes the approach? This is no disrespect to Colonel Lohan at all, but it does seem to me that he is placed in a somewhat inferior position: he has to ask for advice, to take instructions from somebody who is armed with authority, and who the editor recognises is a person who is armed with authority.—A. I thought what I had said went quite a long way to meet that point. I envisaged that in this kind of case, I, as chairman of the committee, would try and get in touch with the editor, and if necessary I could get somebody from the department concerned also to speak to the editor. I thought my suggestion went at any rate some way to meet the point you have raised, that I would envisage the chairman of the committee being brought in and speaking to the editor himself.

Chairman: I think we may have failed to realise that Colonel Lohan cannot be an Admiral Thomson. He may become one over the years, but Admiral Thomson had such a special position with everybody?—A. He had indeed, certainly.

Q. So Colonel Lohan may need reinforcing. I was wondering whether we might think over the points you have raised, and just finish off on the next occasion we meet you, because I have one or two questions about the possibility of a vice-chairman. I see that he cannot be an active press man, but I wonder whether he could not be an elder statesman of the press?—A. I think that is well worth thinking about. I think there are these two categories. I am bound to say that I as chairman would welcome a vice-chairman on the press side, not so much to deal with these very hot cases, but it is a very cumbrous procedure at the moment, having to summon the whole committee, and I would like to feel that there was one man to whom I could go regularly whenever anything came up. Whether he could be used in individual cases—and if he was an elder statesman he probably could be used—is something worth thinking about. All I can say at the moment is that the press members of my committee have considerable reservations as to whether even an elder statesman would feel disposed to come in.—(Mr. Drew): Bearing upon what Mr. Shinwell has said, I have had a great many years' experience of particular cases, and this one is almost unique, in fact I think it is unique in my experience. In cases where we have had difficulties in the past, it has been evident to the press what the point at issue is; for example, we had trouble, or the Foreign Office had trouble, about the case of George Blake; there was another case about another defector, Dolnytsin, and certainly on 'D' notice issues it is quite clear, and it is a matter of clear interpretation of the 'D' notice, whether the thing is in or outside. The problem here—and I know of no other case like it—was one in which the matter was so secret that the Foreign Office were unwilling to tell the facts to the press, and accordingly Lohan was put into the difficulty of having to attempt to interpret a 'D' notice without being able to say—and the press did not know either—"This particular 'D' notice of 1961 covers this particular piece", without being able to say why. I think the situation is unique in my experience, and one hopes that it may not occur again.

Q. . . .

(At this stage the proceedings were adjourned sine die)
MINUTES OF A MEETING OF THE COMMITTEE HELD IN THE
CABINET OFFICE ON MONDAY, 10TH APRIL, 1967, AT 3.00 P.M.

Present:
Lord Radcliffe (Chairman)
Mr. E. Shinwell
Mr. Selwyn Lloyd
Mr. D. J. Trevelyan (Secretary)

The following gave evidence:—
At 3 p.m. Sir James Dunnett Chairman of Services, Press and Broadcasting Committee
Mr. J. M. Wilson Deputy Under-Secretary of State (Admin.), Ministry of Defence
Mr. J. A. Drew Assistant Under-Secretary of State (Personnel) (Defence Secretariat)

Chairman: There are one or two points, Sir James, that I wanted to follow up with you and your colleagues when you left us the other day, apart from further explorations of what you were saying. There are two points which are raised by a paper which has been sent in to us by the Institute of Journalists, who have now merged with the other body. They confess they do not know much about 'D' notices themselves or the working of the system, but they raise two things on which I would like to hear the views of your committee. One is a fairly straightforward thing, that 'D' notices can get left outstanding over the years and the wording which may have been appropriate when a particular situation was called for may in fact cease to be so appropriate. They say one of the things which would be useful would be to have a regular arrangement for a set review by the committee of what is outstanding and consideration of what can be either thrown away or re-worded. What do you think of that?—A. (Sir James Dunnett): I do agree with that. In fact all the 'D' notices have been under review in the last eighteen months and this process is practically completed. So one will then have an up-to-date set of 'D' notices. But I certainly agree that ought to be regularly kept up to date.

Q. As we know, there are sixteen outstanding today. And I think one of the lessons of this particular incident may be that whatever the 'D' notice of April, 1956, meant at the time it is very difficult after interpretations of a particular kind have been given to know what it means today. You would agree that a set review is necessary?—A. Certainly. I think it worth making the point that experience of this review which has been going on over the last eighteen months or two years shows it is a lengthy process getting agreement on the exact wording of 'D' notices. But provided it was not done too frequently I think they should be reviewed from time to time and kept up to date.

Q. Yes, I know the wording is difficult. But it might lead to one or two of them being done away with, which would be of value for its own sake.—A. Certainly.

Q. Another thing worried me as we took the evidence over this case, and I think you may be able to help me here. On the Monday, the day before the Daily Express thing came up, about seven o'clock the secretary came to you and reported what he then understood the position to be?—A. Yes.

Q. Did you get the impression at that time that he was relying in any effective way on the wording of the 'D' notices?—A. The report he gave me was to this effect—this was the first time I had heard about this at all, I had just been brought into it—the impression he left with me definitely was that this thing had been going on, he thought it was all in hand, that whatever the final outcome Chapman Pincher had given him certain assurances and that therefore he was as certain as he could be that anyhow it would not appear in next day's Daily Express.
That is the clear impression I got from him. And this ties up with his own account, that he was certainly relying on Chapman Pincher to come back to him if there was any difficulty about it. And I got the impression that he was relaxed about it and was pretty definite it would not appear in next day's Express.

Mr. Selwyn Lloyd: On the other hand, there was something about "thin ice".

Chairman: Yes. He said "I am skating on very thin ice, but I think I am holding the ground". Do you recall those words?—A. I do not recall those words, I certainly don't. I think he may well have said to me "It has not been very easy, because I have had certain instructions from the Foreign Office not to rely too much on the particular ‘D’ notice". But I do not recall him using the words "thin ice".

Q. I am not actually clear what "relying too much on the ‘D’ notice" means—I am not criticising your phrase.—A. (Mr. Wilson): No, those were the words he repeated on a subsequent occasion. I was not present when Colonel Lohan saw Sir James on the first occasion, but on the subsequent occasion I can confirm what Sir James has said.—A. (Mr. Drew): He certainly repeated those words when I spoke to him on the Tuesday to get some amplification.

Q. What is meant by not relying too much on it?—A. (Sir James Dunnett): To be quite honest, Lord Radcliffe, I think myself that this was part of the difficulty in which Lohan found himself. I think between ourselves that there may have been—I do not know if a misunderstanding is the right word, but I am bound to say if I had been in Lohan's position I think I would have wished to press the people who instructed me more strongly on this point and said "You put me in a very difficult position if you give me those instructions."

Q. Yes, I can see that probably would have been better if from the first he had said "This ‘D’ notice thing is very difficult to work with the wording of the ‘D’ notices as they are". But let us leave that at the moment. What worries me is if you do not rely too much on what was the critical ‘D’ notice you then have to travel outside the field of ‘D’ notices and make an appeal either on grounds of personal friendship or general goodwill or future happy relations between the government and the newspaper, general public importance on other than ‘D’ notice grounds, etc., etc., etc. Now, it may be he did work very hard on those lines this time. But is that a satisfactory function for the secretary of your ‘D’ Notice Committee?—A. Could I just perhaps add a gloss to that? I think Lohan's account of his conversation with Chapman Pincher shows that everything he said to Chapman Pincher was based on the general spirit of ‘D’ notices. There was the argument about the precise wording of the two ‘D’ notices in question, and at one stage Lohan said "Let us put those aside and talk about the general spirit of ‘D’ notices." I would entirely agree that the function of the secretary of this committee—his position stems from ‘D’ notices. I do not regard him as having any locus unless ‘D’ notices, either particularly or in general, apply. So in so far as he was being asked to develop an argument which was not related in some way to ‘D’ notices, then I think he was being put in a false position. But I think you may get situations where you have to take a broad view of the spirit of ‘D’ notices, and you can have an argument about whether a particular sentence applies, but I think it would be fair in such a circumstance to argue as Lohan did that whatever interpretation could be put on a particular sentence in a particular ‘D’ notice he was saying "Look, this is contrary to the general spirit of the ‘D’ notices as a whole." But I entirely agree his position stems entirely from the interpretation of ‘D’ notices individually and collectively.

Q. How would you interpret the meaning of what he calls the spirit, because the weight of it is that a particular form of words has been considered with government representatives and press representatives and that this amount of restriction has been agreed? What can the spirit of a ‘D’ notice do for you that an agreed ‘D’ notice does not do?—A. I think what Lohan was effectively trying to argue in this case was they had had a considerable argument about a particular interpretation to be placed on a particular sentence of the ‘D’
Lohan was not saying he accepted Chapman Pincher’s argument that it did not apply, but he was saying “You must take it from me, Chapman Pincher, that what is involved here are important security interests to the State, and I am saying to you from what I know of the thing you must take it from me that these are important security aspects, and it is this kind of thing that ‘D’ notices are designed to protect.”

Q. But if there is an emergency system for the issuance of ‘D’ notices which does not invite the summoning of the whole committee, is that not the way in which one should add a security requirement to one’s request to the press?—A. I am sorry . . .?

Q. This story had been about since Thursday of the preceding week. By Friday at any rate Colonel Lohan was told that the government attached great importance to this not coming out. And the way to deal with that if it is not covered by ‘D’ notice, is it not, is to try and get an emergency meeting of the inner group of your ‘D’ Notice Committee, which includes three press representatives?—A. I certainly agree, and I said this myself last time. I think there must be some machinery under which given this kind of situation I can get in touch urgently with either one or two or three people urgently on the press side. One of the difficulties at the present time is that most of them are working journalists, and to get the whole committee together takes days and this is not quick enough. I think it would help greatly given this kind of situation if there were one or two people on the press side I could get in touch with urgently. But thinking about the events of this particular instance, I think Lohan’s account shows he was trying to get in touch with Chapman Pincher on Saturday and Sunday, but it turned out that Monday was the earliest time they could meet. And at that time I do not myself think that Lohan regarded it as hopeless to persuade Chapman Pincher. I think he may have thought it was going to be difficult, given his instructions. And part of the trouble was that the people who instructed him wanted him to be pretty cagey in what he said about what was really going on. But Lohan I think really thought he was going to persuade Chapman Pincher not to publish.

Q. Yes. I did not quite want to tie my question down to the actual incident.—A. No. More generally I do accept that if there is any difficulty we have got to have a procedure under which the chairman is brought in automatically and pretty quickly, and I think it is very necessary that there should be one or two people on the press side that he can get in touch with very urgently if he wants to consult them.

Q. I am right in thinking you can do it now if you can get three press people together, am I not?—A. Yes, but I am bound to say my experience of these things is that it is a very loose arrangement, and it is very difficult at the moment to find where these press men are and to get them quickly enough to deal with this situation.

Q. I am really on the philosophy of the thing for the future. Should there be a place for the secretary to say “There are ‘D’ notices. You may well be right in saying this is not covered by them, but I can assure you that this is a ‘D’ notice matter and I hope you will not publish”? Should there not be a way of telling the press representative this where necessary and to issue the necessary supplementary ‘D’ notice?—A. Yes, I think there are two points about this. I certainly think in this kind of situation it would help, and it is the view of my colleagues, if I were able to get in touch pretty urgently with a senior press man on the committee and say “Look, we are in this trouble”. Clearly, that chap would have to be fully cleared securitywise. And the other point which I think is difficult is it might have to be somebody who was not a practising journalist himself. And I think one would find the average working journalist reluctant to take a line on a story which another journalist had got. I think he would say he might be regarded as prejudiced if he was preventing a journalist from publishing a story. So it might have to be a member of the committee who was not actually a practising journalist. But we could get over that, I think.
Q. Yes. Do you think there is a likelihood of getting what we called last time an elder statesman as a regular opposite number to you?—A. If the press were prepared to play in this I do not see why you should not get somebody who would fulfil the role, but obviously it would have to be somebody who lived in London. The predecessor was a retired journalist and lived in Yorkshire, and I do not think that would do, because speed is of the essence.

Q. Then you say you would have to P.V. him?—A. Well, this is the dilemma, is it not? This is something one would have to consider. If you have a case like this one, and if I was going to have a reasonable discussion with him and say “Look, I have been into this and I really think this is an important security issue and it is covered by ‘D’ notice”, and if he was going to express a reasonable opinion would he not want to know exactly what was going on?

Q. Yes, I wondered. I merely wanted you to pause on that to see that if the approach is to be successful it does not allow for over-prudence. Very often there is give and take between government interests and press interests. What I was wondering was whether a senior man of authority such as yourself—I am instancing that as you are chairman and in the middle of the thing—could not say what was reasonably prudent and yet informative to any editor without the editor being invited to go through the P.V. process.—A. My view on that would be this: I think even if the journalist was not fully cleared there would be value in such a system, and of course in certain circumstances you would have to take it from me that I was telling you the truth—I think it would still be worth doing. I was merely making the point that if one was going to be completely frank with the journalist in this kind of case he would have to be fully P.V.’d, but I think it would be worth doing still if he was not.

Q. I do not think he would expect you to be perfectly frank.—A. (Mr. Drew): You will recall the requirements for P.V.—constant regular access to top secret or atomic information—and spasmodic instances would not fall strictly within the definition, but I fully endorse that to be frank with a journalist you would need to have an assurance that he was fully reliable.

Mr. Selwyn Lloyd: You were talking of someone on the committee.

Chairman: We were. My own question had gone rather off that to a high level of approach by the secretary to an editor who considered that ‘D’ notices did not appear to apply but the government would be very anxious about it. A. (Sir James Dunnett): This would be to the editor.

Q. Yes, I was thinking of that; sometimes it may have to work that way.—A. Yes, I would accept that.

Q. A good deal of what the government is very anxious about in this field I think could be found in the secret files of a number of newspaper offices anyway. It is their business to know and record these things. But the things do not come out; the knowledge is probably there, but it is safeguarded. And I wonder if we are not being perhaps over-careful about this thing, about details and frankness.—A. Yes. I certainly would not disagree that I think it would be definitely useful if in a case of this kind I could get in touch with a senior representative of the committee, and I do agree there might be cases where it would be useful if I as the chairman of the committee got on to the editor concerned.

Mr. Selwyn Lloyd: I assume, so far as dealing with the member of the committee is concerned, that would be for advice, or would it be for the possibility of three being assembled? That seems to be rather a different thing than going straight to the editor. And I would have thought that where you have got a big one it is a question of going straight to the editor.

Chairman: That was rather in my mind. The only thing is editors do not always know how many other newspapers in competition with them may have got, or be immediately likely to get, the same story. The emergency ‘D’ notice is much better to deal with that situation than the direct approach to the one editor. One sees a little of this in the Daily Mail/Daily Express.—A. (Mr. Drew): I am not altogether clear how if you chose this form of publishing an
emergency ‘D’ notice what indeed you would say in this ‘D’ notice. I go back to the only case we have, this particular case. What could you have said in an emergency notice which would have shown the press that this was something they must keep away from without at the same time telling them, perhaps a hundred people, the essentials of the various things which it was Lohan’s business and Lohan’s instructions to try to hide?

Q. It has always been the risk of ‘D’ notices, that you do give away to the editorial range of people a certain amount of things that ideally you would like to conceal. I accept that.—A. In general terms you say “You must not print stories about intelligence methods”, and if the journalist knows this is an intelligence method, with an awful lot of them there is no problem. But in this particular instance this was a unique case, in which Lohan knew, the Foreign Office certainly knew, but the journalist did not know or claimed he did not, that this was an intelligence operation. If you had issued an emergency notice about this you would have told a hundred people what this specific thing was about. This is why I feel it would be better to limit your area of approach and to tell the editor concerned, even though it may be that you have to tell some other editor.

Q. Choice of risks, I quite agree. I think one has always had to realise the difficulty of ‘D’ notices is they do indicate anxiety where other people may not realise there is anxiety.—A. This is true.

Q. And give a hint as to what the cause of the anxiety is.—A. Yes.

Chairman. I think it is very interesting. Is there any more on that point that you want to say?—A. (Sir James Dunnett): I do not think so.

Mr. Selwyn Lloyd: It seems to me that really there are two fields for these ‘D’ notices. Looking through them, details of . . . . . . There it seems to me the system is almost ideal, something absolutely specific, everybody knows exactly what you are talking about, and I would have thought the system had worked there very well in that case. It seems to me there is a slightly different technique needed when you come to intelligence. And I am not quite happy that the structure, even as you suggest it, is the right one for dealing with the intelligence side.—A. I certainly agree they raise a very different kind of problem, but I am not convinced that the machinery could not be made to deal with both of them.

Q. I think it is almost a miracle you have got these ‘D’ notices accepted in the terms they are, dealing with intelligence matters, because they really cover everything, and if they cover everything, do they cover anything? That is the point. They are so general.—A. Yes.

Mr. Shinwell: I would like Sir James to clarify one or two points for me. As I understand it, what you are saying is that looking to the future whoever is secretary of the Press and Broadcasting Committee should regard his primary function, indeed his sole function, as being concerned with the ‘D’ notice procedure?—A. Yes.

Q. When a matter of general security emerges, intelligence, it is not his function to deal with it?—A. Except in so far as the ‘D’ notice is involved.

Q. And if he fails to convince the press that this is a valid ‘D’ notice, then he is out—it is not his business?—A. With the slight qualification that, as I mentioned earlier, I think he is entitled in a particular case, if there is a kind of semantic argument going on, to say “Look, I really do feel strongly that in this particular case this is the kind of thing that is covered by the spirit of the ‘D’ notices”. I quite agree this is slightly difficult, but I can imagine cases where I think it would not be improper for him to say “You, Journalist X, may not think this is covered by this particular sentence I am referring to, but I would like to put the argument to you that this is a matter where the important matter of State security is involved, and it is covered by the general approach of ‘D’ notices.” I agree this is rather tricky ground, and I think in such circumstances
the press are entitled to take their own view. But I do not think he should be
stopped from taking a somewhat wider view of what the ' D ' notices are meant
to cover provided it is in the ambit of ' D ' notices, but he cannot argue outside
the ' D ' notices.
Q. But if the press say "This is nothing to do with the ' D ' notices"?—A.
There is nothing more he can do. In those circumstances he has to report to
the chairman of the committee.
Q. In this particular instance what happened is this: he met Chapman Pincher,
he produced the ' D ' notices and Chapman Pincher said "I know all about that,
I am quite familiar with that sort of thing", and Lohan put them back in his
pocket and he began to argue on grounds of intelligence, general security, but
that did not convince Chapman Pincher, and apparently did not convince the
Daily Express editor. That is the issue. How are you going to overcome that
difficulty? And there is the dilemma that in order to convince the press you
may have to tell them the story, or a large part of it, and you cannot afford to
do that.—A. (Mr. Drew): Precisely. And I suggest instead of putting this infor-
mation you wish to conceal in a kind of emergency notice, that Sir James's
suggestion that he might deal direct with the editor and tell the editor what is
necessary in the circumstances of the time, what the facts are, does tend to hold
this piece of information within a much smaller area.
Q. But here he tried his best with Chapman Pincher. They were there casually
at lunch, the ' D ' notices were put aside, and then they had a general discussion
for about two hours—what they talked about I don't know, it was not very clear
from the evidence. But surely if an emergency arises and the ' D ' notice
procedure is not accepted by the press and there is a threat to publish the story,
it ought to be taken up with somebody of high rank, somebody who could speak
with authority?—A. (Sir James Dunnett): In this particular case, according
to Lohan's own account, when Chapman Pincher said "I know the ' D ' notices
off by heart", Lohan himself said "All right, let's put them aside and argue
about basic issues". And at the end of the lunch Lohan was of the impression
he had convinced Chapman Pincher, and Chapman Pincher had promised not to
publish the story without getting back to him. That is what he reported to me
at 7 o'clock in the evening. I think if Chapman Pincher said "I do not
accept ' D ' notices apply here" this would be a very different position at 2.30
than the position that Lohan reported back. Lohan was clearly of the impression
that he had convinced Chapman Pincher and Chapman Pincher was going to
see the editor, and that even if the editor was not convinced, Chapman Pincher
would come back to him before deciding to publish, and the matter would be
taken higher.
Q. But preceding that he had been in touch with the Ministry of Defence and
the Foreign Office, and they had given him instructions.—A. He was getting his
instructions direct from the Foreign Office, MI.5.
Q. But by this time they were aware that Chapman Pincher did not accept the
'D ' notice procedure.—A. No, because my understanding is Lohan had been
trying to get hold of Chapman Pincher over the weekend, and was not able to
organise a discussion until the lunchtime on the Monday.
Q. If the Foreign Office, whoever he met, instructed him "This is a ' D ' notice
procedure" why was it that when he met Chapman Pincher and Chapman
Pincher said "I know about the ' D ' notices, I am familiar with them" but he
would not accept that the procedure would apply, Lohan began to discuss basic
issues? If the Foreign Office and the Ministry of Defence and the officials he
met said this was confined to ' D ' notice procedure, why did he then proceed to
discuss basic issues? Had he any authority to do that?—A. This is why I made
the point I did, this reference to Lohan's paragraph 14. What Lohan meant by
saying "basic issues" was—in his own words—"the broad meaning and spirit
of the notices". That is why I was making this point. He has no locus unless
'D ' notices are involved, and the line he was taking with Chapman Pincher was:
"You say the particular ' D ' notices to which I refer do not apply. I do not
accept that. But even if I did accept that I still put it to you, and you must

accept this from me, that in this case publication would be contrary to the general meaning and spirit of the notices”. Now, I will accept that I think this is, using the words Lord Radcliffe used earlier, “thin ice”, and I think one could argue that unless a specific ‘D’ notice does apply, more general arguments do not carry perhaps a great deal of weight. But I think those were the broad lines which Lohan was proceeding on. My own personal view is, as I said earlier, that if I had been in Lohan’s position I think I would have queried the instructions I had been given.

Chairman: Yes, I quite follow that.

Mr. Shinwell: One final point. Lohan came and reported to you in the evening of Monday. By this time the Foreign Office, the Ministry of Defence, all regarded this as a matter of considerable importance.—A. (Mr. Wilson): Not the Ministry of Defence.—(Sir James Dunnett): Could I make it quite clear? All the instructions had gone to Lohan from MI.5, the Foreign Office; we at the Ministry of Defence had not been involved. Lohan reported to me at seven o’clock as chairman of the committee. This was the first I had heard of it. What he reported to me was he was in touch with the Foreign Office about this, no need really to bother because he had had this lunch with Chapman Pincher, Chapman Pincher had promised to get back to him if there was any question of publication, he thought he had convinced Chapman Pincher, and that was the position when he came to see me.

Q. Sir James, what I am trying to elicit is this—it is a point of elucidation if you would be good enough to help me. What I am trying to find out is this: in the conversations that Lohan had with people at the Foreign Office—not the Ministry of Defence, because you were not involved in what had happened—they assured him that this was a matter of supreme importance, must not give too much away, make the best of it, try and convince Chapman Pincher that the ‘D’ notice procedure applied, and if he is not convinced you must try and find some way of dealing with the basic issues, whatever it was. But when he came to you and said he thought that he had convinced Chapman Pincher surely by this time the Ministry of Defence should have known that this was a matter of considerable importance. That was the view of the Foreign Office. And why allow him to go home then on the assumption that he merely thought that Chapman Pincher did not intend to proceed? Surely some action should have been taken at that stage. No action was taken in point of fact until the Foreign Secretary phoned Sir Max Aitken after ten o’clock at night.—A. First of all, I think we must get it clear that although I happen to be chairman of this committee Lohan at the moment gets his instructions, according to the nature of the case, from various sources. He was instructed in the whole of this by the Foreign Office—that is point No. 1. My second point is that he had reported (a) that he thought he had convinced Chapman Pincher and (b) that he had had an assurance from Chapman Pincher that if there was any question of his editor taking a different view he would get back on to Lohan. So given that situation it was not clear what more could be done with Chapman Pincher. This is what was reported, that he had been given these assurances—(Mr. Drew): Could I add something in elucidation? That is that at 9.30 the situation had in fact changed. At 9.30 it was known that the Daily Express was going to print. Chapman Pincher rang up Lohan and told him so. It was thereafter that the Foreign Secretary tried to get in touch, but failed, with Sir Max Aitken.

Q. Precisely—but it was too late.—A. Yes, but up to 9.30, as Sir James said, we were entitled to assume that Lohan’s view was right, that if you had gone to Sir Max Aitken or Mr. Derek Marks, the editor, between seven o’clock and 9.30 you would have had to tell them facts in order to convince them, which in Lohan’s view was unnecessary.

Mr. Selwyn Lloyd: You do not think you were put on notice that something was up when Chapman Pincher said he was going to write the story for the editor to look at it? I think Ewart Biggs was told that.—A. He may have been, but I do not think it would necessarily have altered the situation. The editor would clearly want to see in what form the story if printed would appear in
order to make a judgment. And with the greatest respect I think that between seven o'clock and 9.30 to have got on to the editor would have been a belt and braces operation which would, it was hoped, prove unnecessary.

Mr. Shinwell: You say you would have had to tell something of the story and you could not afford to do that?—A. Of course.

Q. That I understand. But have there not been cases in the past where the editor was approached but he did not expect to know the whole story and yet refrained from publishing?—A. I cannot think of one which is precisely comparable with this one.

Q. Could I put it this way: ordinarily a responsible editor would not publish if approached by somebody in authority, either Ministry of Defence or Foreign Office, with an appeal not to publish? “I cannot tell you the whole story”—that is how it would be put—“but we beg of you not to publish”?—A. I think this might work in a number of cases. I am bound to be doubtful, and I am speaking here from a fairly long experience of this sort of thing, whether it would have worked in this particular case. The difficulty here was, as I understand it, that Pincher had one view of the facts in his mind which he had presumably communicated to the editor and he had thought this was a kind of— I think the phrase is a sort of “Big Brother”—interrogation that we were all under every time we sent a telegram which was looked at by some nameless, faceless people in Whitehall. This is the sort of story which, as I understand it, Pincher had. The only way you could have got that out of his mind, and since he put it into his editor's mind, the only way you could have got that out of his mind, in fact, would have been to tell the editor what the facts really were. This—I come back to my point—between seven and nine-thirty seemed to be an unnecessary thing to do. By the light of hindsight perhaps it was not.

Chairman: Mr. Drew, what misled people, if that is right, was surely in the end misplaced confidence of Colonel Lohan?—A. Yes.

Q. And the belief that twenty-four hours at any rate were in hand for any final action?—A. That is right.

Q. He thought he was fairly sure there would not be anything in the Daily Express on Tuesday morning. Nobody was reasoning how much can we tell the editor because the crisis had not come to a head?—A. The crisis had not come to a head and if you had assumed the crisis had come to a head you had Lohan's view that the thing was all right.

Q. Yes.—A. On both counts. It is very difficult to say what could have been done without conceivably making the incident seem worse between these 2½ vital hours, to which Mr. Shinwell has drawn attention.

Q. People were not really thinking about what to do in those 2½ hours.—A. No, they were not. There was nothing to think about.

Q. So much depends upon the relationship between the highly placed person on the Government side and a particular editor. All sorts of things, to my experience, could have been done.—A. True.

(Discussion continued off the record)

A. . . .

Q. You say it does mean something more?—A. It means the particular incident we are now discussing. I would have said that is precisely what it meant.

Q. I would not blame anybody who did not know that.—A. I would agree with you. That is the central difficulty we are in, in trying to describe something, the nature of which nobody has known.

Q. I entirely agree with this. If you want a 'D' notice system at all I think you have to accept this as one of the incidental risks.—A. This is true.

Chairman: Is that all for the moment we can say about that? I am looking back through what you told us last time in case there is anything left outstanding that you wanted to add or if there is anything further we wanted to ask you.
Mr. Shinwell: Could I ask a question about the 1961/62 Report, paragraph 139?

Chairman: Yes.

Mr. Shinwell: Because this refers to the personality of the secretary which is very important, I think. Does it not call for the appointment of somebody of considerable experience, not merely somebody who has been, say, a public relations officer?—A. (Sir James Dunnett): Yes.

Q. In a department or an ex-serving officer, but somebody who is acquainted with the methods of the Press, who is persona grata with the Press, and can speak with some authority on behalf of the Government department?—A. I would certainly agree with that.

Q. Whose views would be generally acceptable to editors of responsible newspapers?—A. Yes.

Q. Does it not call for that?—A. I would certainly agree those are the kinds of qualities for which one is looking. The question is, of course, whether one is going to find somebody with all those qualities prepared to do this particular, rather funny kind of job. Certainly I would agree with that as a specification for the job, and, of course, it does raise the question which is also referred to in this Report. I personally think, although it is a very fluctuating job, it is by no means true he is busy the whole time. I think probably he needs more assistance because this is a twenty-four hour service, seven days a week.

Chairman: Yes.—A. Certainly somebody who has the confidence of the Press, but also the full confidence of the official side, this is very important.

Q. Yes. You are happy about the suggestion about which we were talking last time, to add an avowedly Foreign Office representative?—A. I wanted to say a word about that. I have been thinking about that since we were here last time. I think it is largely a question of how one actually phrases it. I think what we really are saying is the scope of the representation on the official side should be broadened, to cover particularly the Home Office, and... if one used some expression to the effect—"and such other department as may be affected by the 'D' notice procedure", thus leaving it slightly open exactly how one does it.

Q. Yes. I am sure it would be possible to do that, but in the end it would lead to you proposing at some stage to your Press colleagues that a Foreign Office man should come on?—A. Certainly.

Q. With the necessity to explain why he was there?—A. I think one could explain it on the grounds that the 'D' Notice Committee, the Press and Broadcasting Committee, is concerned with defence interests across the board and, of course, the Foreign Office are concerned with defence interests overseas and I think one could give a reasonable explanation for it.

[Chairman]: I think I have asked everything I had in mind. Have you anything more to add, Sir James?—A. Could I just come back to the point Mr. Selwyn Lloyd did raise. Subject to the views of my colleagues, I think that there would be advantage in having a clearly laid down procedure that when any issue of major importance arose in the intelligence field, the Ministry of Defence should be brought in at the earliest possible opportunity. I do very much agree with that.

Q. Would you please say that again?—A. I was just following up the point Mr. Selwyn Lloyd made. I think the point he was making was when an intelligence issue arises, it raises fairly fundamental issues as this one did. Would there not be advantage if the Ministry of Defence, and, indeed, Chairman of the Services, Press and Broadcasting Committee, was brought in at the earliest possible stage?

Q. Yes.—A. I was saying yes, I think that would be an advantage.

Q. That would be because of your relationship with the Committee, not with the Ministry, would it?—A. I think in practice it would be me, but I think the point that Mr. Selwyn Lloyd was making, I think there is force in this, if I may say so, was that the Ministry of Defence has more experience in dealing with
the procedure and that kind of thing than the Foreign Office. They get brought into this kind of thing once every three or five years. Therefore it is probably me anyhow, but I think there is advantage once you are getting something that is going to raise pretty important issues, then the Chairman, and indeed Ministry of Defence, should be brought in. They have much more experience of operating this system than other departments.

**Chairman:** Yes, I follow.

**Mr. Shinwell:** It is possible that if that had been done in this instance, it would have saved a lot of trouble?—A. I personally think it would have helped anyhow.—(Mr. Drew): I think—certainly this is hindsight—one would have reinforced Lohan's views subsequently expressed that he was given instructions which he really could not carry out.

**Chairman:** Yes. Thank you very much.

(The witnesses withdrew)

**MINUTES OF A MEETING OF THE COMMITTEE HELD IN THE CABINET OFFICE ON TUESDAY, 11TH APRIL, AT 10.30 A.M.**

**Present:**

Lord Radcliffe (Chairman)
Mr. E. Shinwell
Mr. Selwyn Lloyd
Mr. D. J. Trevelyan (Secretary)

The following gave evidence:

At 10.30 a.m. 
Mr. Nigel Lawson accompanied by Mr. Alan Watkins

11.30 a.m. Mr. L. J. Dicker

**Witnesses: Mr. Nigel Lawson, Mr. A. Watkins**

**Chairman:** First of all, Mr. Lawson, you have been editor of the Spectator from what date?—A. (Mr. Lawson): Since 1st January, 1966.

Q. Before that, had you come into contact with the working of the 'D' notice system?—A. I had had no direct personal contact. I was aware of it from other journalists, but I had no direct personal contact myself.

Q. I connect you with financial journalism in the Financial Times, primarily, is that right?—A. In the Financial Times and the Sunday Telegraph, and I also had a spell out of journalism.

Q. So in fact as a working problem of how to interpret or what to do about 'D' notices, it had not been part of your professional life before?—A. No. My knowledge of the 'D' notice system was chiefly from other journalists, from the published reports, the 1962 Report, and other sources of that kind.

Q. I believe it to be the fact that since you have been in the editorial chair at the Spectator there has not been a 'D' notice issued?—A. That is right.

Q. So the question of whether one reached you yourself was really beside the point?—A. That is right.

Q. In your article on 'D' notices, in the Spectator, you say: "The Spectator does not—and did not—possess a single 'D' notice". That puzzles me and the people engaged in the working of the committee, because it is their belief that all 'D' notices up to date have been circulated to the office address of the Spectator. When you say that, what enquiries did you make from the previous editor, Mr. Macleod? Did you ask him whether he had ever had any?—A. No. Since we possessed none, I assumed—wrongly as it turned out—that we were not part of the system. As I say, I had never had any communication at any time
from the secretary of the committee. In some ways weeklies are treated differently from other papers: we are not for example part of the lobby system, whereas the daily papers are. And of course, immediately we published the initial article by Watkins it was clear to me then that I had been under a misapprehension, so I got in touch with Colonel Lohan. I first of all made enquiries in the office, and discovered that what had happened was that, I suppose in an excess of zeal for security, the ‘D’ notices as soon as they had arrived had been read and then destroyed, and the person who had destroyed them had been the editor’s confidential secretary who had left, was no longer in the employ of the firm, and there was therefore nobody left with the paper who knew anything about this. When I discovered this, I told Colonel Lohan, and he said this was not the first time this had happened, he had discovered the N.P.A. had been doing exactly the same thing with their ‘D’ notices, and had put a stop to it. But this was in fact the explanation of why we possessed none.

Q. If the Spectator is going to be part of the ‘D’ notice system in the future, that would not be a method of dealing with ‘D’ notices which I would recommend to you.—A. It would not be a method I personally would think of adopting, no.

Q. First of all, I believe there are sixteen outstanding today, extending back over a very considerable period of time, therefore you are destroying the effective working use of them if each editor just looks at them, memorises them and destroys them.—A. I wholeheartedly agree, yes.

Q. So we may regard that as part of a mistaken policy with regard to ‘D’ notices?—A. Yes indeed.

Q. Now I would like to come to Mr. Watkins’s part in this, because there does not seem to be a common ground on the pure question of fact as to what happened. Mr. Watkins, when you went to Colonel Lohan’s office you did not take copies with you?—A. (Mr. Watkins): No, I copied out pretty well in total the ‘D’ notices, in my notebook.

Q. I thought you might have done that. I want Mr. Lawson to remember that they in fact all carry either the words “Private and confidential” or “Secret”.—A. I honestly did not notice what was on the top. I assumed it would probably have “Private and confidential”, but I certainly did not observe at the time that one was marked “Secret” and the other, I understand, “Private and confidential”. I copied out the body of the text, as it were.

Q. I thought you might have done that. I want Mr. Lawson to remember that they in fact do all carry either the words “Private and confidential” or “Secret” on them. But you were allowed to copy out a number, if not all, of the existing ‘D’ notices?—No, the two that were in dispute or the two that were relevant to the particular political point I was examining.

Q. Yes. We are given to understand there were two people in the office, Colonel Lohan and an assistant?—A. Yes, an assistant or secretary, a middle-aged woman.

Q. But we are given to understand that they both gave you a warning to the effect that these ‘D’ notices were confidential documents and that they were not to be published?—A. No, what happened was this: I asked Colonel Lohan in the morning, having talked on an “off the record” basis with him about the dispute in relation to the Daily Express: “Can I come along and see these ‘D’ notices?”, and he said: “All right, but you should have copies in the office”. I made no enquiries whatever in the Spectator. I went along that afternoon, took out a notebook, copied them out, and he certainly did not say anything about non-publication. The woman said, either to me or to Colonel Lohan, I forget which, something to this effect: “Mr. Watkins does realise that these notices are confidential?”, to which Colonel Lohan said: “I do not think we need worry about that, there are copies back in the office”. I said nothing, and continued to copy them out, and said “Thank you very much” and went away and put them in my article.

Q. Had you any doubt, when you had finished, that in fact they were confidential communications?—A. Oh, none at all, of course not.
Q. Then, Mr. Lawson, have you ever heard of a 'D' notice being printed by any editor before?—A. (Mr. Lawson): No.

Q. Did you realise that they were circulated on the private and confidential or secret basis?—A. I realised that when they were circulated in the normal way to newspapers, as part of the system, part of the understanding was that these would not be published by the newspapers concerned. As I said, I was under the impression that we were not part of the system, and that since Alan Watkins had been shown these things in the office of the Secretary, and had copied them out openly and in front of him, and there was no possible question of any subterfuge, the question of whether we published them or not depended on two things, it seemed to me, as an editorial judgment. One of them was whether they contained anything the publication of which would involve a breach of security, and it seemed to me quite clear that they did not, in the same way as the parts of the 1961 'D' notice which were published in the Report of the Committee on Security Procedures in the Public Service—this was an extract printed—clearly involved no breach of security. The second thing, because obviously this was an unprecedented step, was whether there was any special political justification, and it seemed to me there was, because it was also unprecedented that the precise wording of a 'D' notice should become a major political issue. This had never happened before to my knowledge. There had been discussions in Parliament about the 'D' notice system, but the precise wording of a 'D' notice had never before become a major political issue.

Q. I am of course rather more concerned with the system in the future, indeed this is why we have asked you to come. But if you had realised that the Spectator had regularly been the recipient of 'D' notices, and in that sense within the system, would you have felt the same about publishing?—A. I certainly should have felt that they should have been published. I certainly, equally, would not have published them in those circumstances without discussing the matter with Colonel Lohan first.

Q. With him as representing the committee?—A. With him as representing the committee, yes.

Q. You see, if I may say so, in your second article in the Spectator, on 'D' notices, you stated a principle there with the words "Of far greater importance, however, is the question of the decision to publish itself". That leaves me in doubt as to whether the 'D' notice system could survive if each editor thought those principles were workable for the future, because it leaves those who get the notices under the system on what I will call the confidential basis really free to make up their own minds what public use they make of them on a particular occasion.—A. This is the case with many documents. I do believe that a system of voluntary censorship is desirable, but I do believe equally that as much as possible in a free society should be known about the nature of this censorship, and if the nature of the censorship can be made known without itself involving any breach of security, then I think it is desirable that it should be made known.

Q. That would be the reason for it, but it would leave you free, if you thought it right, to publish any particular 'D' notice?—A. Yes. Obviously there are two questions here, what should be done and also the terms on which one receives something. If I make a bargain to receive it on the understanding that it will not be published, then I do not publish it, but if you are asking me what I think ought to happen, I believe that any 'D' notice which does not itself contain secret information, information which to publish would be a breach of security, then I think these should be published when they are issued.

Q. I think a view which has been taken by a great many people concerned with this system over the years is that all 'D' notices have some security aspect in them, in that they on the issue do two things: they warn the people who receive them of certain points of anxiety, which is the Government's cause for asking for them to be issued. That is thought to be in itself to some extent a security pointer. Secondly, I believe nobody has ever found a way of wording a 'D' notice, except the very simplest sort, which does not to some extent give
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away information which is of security import. Those are the reasons for saying there is always the security element about a ‘D’ notice.—A. My own judgment, which is certainly fallible, is that these particular ‘D’ notices did not give away anything, and could not conceivably be said in any situation to have involved a breach of security. They were extremely general, and I should have thought the only possible case which could be made for suggesting that anything positive was conveyed by them which might involve a breach of security was I think paragraph 2 of the second notice, which Mr. Watkins referred to in his article, and this did not seem to me to involve a breach of security, because in the first place it is really all in a section of the Official Secrets Act 1920, which itself is not a secret document, and secondly, of course, more recently it was published by the Daily Express. But the main thing is that it is all in the Official Secrets Act 1920, section 4.

Q. The power to intervene is there; its implementation of course is another matter. But that principle, of judging for yourself whether there is any valid security interest involved in publishing a ‘D’ notice, would leave every editor, who received these documents on a confidential basis, free to make his own decisions as to whether or when to publish?—A. If you receive it on a confidential basis, then there is the question obviously of an understanding between the editor and the committee, and if he agrees not to publish it then he agrees not to publish, and that is that. I had had no communication—

Q. I was really asking you about the workings of the thing in the future, on your principle.—A. In the future I would say that a possible solution might be for those ‘D’ notices which can be published to be published when they are issued by the committee, and not by any individual paper. But of course the question of editorial judgment on matters of security arises all the time; editors have to decide, in their knowledge of the Official Secrets Act and other things, whether to publish such and such a piece of information will or will not be a breach of security, and indeed the purpose of this committee is partly to assist editors in the exercise of this judgment.

Q. I quite agree with this, but if you have this voluntary system, and the ‘D’ notice has been approved by the committee—which has a major Press representation on it—and there is an understanding that it is private and confidential and circulated under that system, I follow your point that the committee might say: “We will not approve this unless there is an announcement of its terms”, but supposing they do not say that, would you be prepared in the future to observe secrecy with regard to the ‘D’ notices, if you receive them, unless the committee took that line?—A. I do not think the Press is the sort of body where representatives of the Press can have a complete mandate for the whole Press and every editor. An individual editor would certainly take very seriously any agreement which was made by a number of people who included representatives of the Press, but he would not feel irretrievably bound by that. You see, one of the things one has to bear in mind is that on the whole newspapers do not like their readers to know that they are accepting any kind of censorship; they like to give the impression of being bold, fearless and free, so they may well want to keep this fact quiet that there is this system of censorship, and certainly it was kept very quiet for a very long period of time, presumably with Press collusion. But it does not necessarily follow that it is in the public interest that the existence of this system of censorship should not be known. So, answering your question, I think certainly one takes full account of the agreement which is entered into by the Press representatives on the committee, but one cannot feel totally and irretrievably bound by this.

Q. I am not quite sure whether there are not two points in that answer: one is whether you would feel irretrievably bound, if a ‘D’ notice is issued by the authority of the committee, to observe it. You say there may be a situation when some great public interest would prevent your observing it. But the other point, a much simpler one, is whether, if under this system in which they are treated as private and confidential you get the notices, you would not be content not to publish the notices? That is a much smaller matter, and relates to the effective working of the voluntary system.—A. Yes. As you say, it is a much
smaller matter, and I would have thought that for that reason it should not prejudice the working of the voluntary system, that the voluntary system can work whether or not these are published. The voluntary system works on the basis that these notices are respected, unless there are very very compelling reasons in the editor's mind for going against them, and as you say the question of publication does not affect that. I do not think the question of publication should in any way destroy the working of the 'D' notice system. If any 'D' notices are to be published and it is an open question whether they should be published when they are issued on the authority of the committee or whether this should be left to the discretion of individual editors, and if it is left to the discretion of individual editors then I agree this should be done only when there are positive reasons for publication, and it seemed to me that the issue which arose in the case of these two 'D' notices did produce clearly in the public interest a reason for publishing, so that the public could judge on this issue.

Q. I had rather hoped—understanding that when you published these you thought you were not part of the system, but the situation is different now—that you would agree that 'D' notices were inherently not things which in themselves should be made public. You do not feel you could commit yourself on that?—A. What I feel I can commit myself to is what I said before, that had I believed we were part of the system I should certainly not have published without discussing first certainly with the secretary of the committee, and also with the committee.

Q. That goes some way, but I very much doubt quite frankly—I am saying this in confidence—whether Government departments would commit themselves to the contents of a 'D' notice at all if they thought that those notices were not going to be treated as confidential and kept from publication. That might, perhaps needlessly, prejudice a system which you said before was on the whole useful.—A. Yes. Well, I would certainly hope that the system would not be jeopardised by this. It would seem to me that it would depend on the nature of the publication. Certainly if any publication involves a breach of security, then this clearly cannot be countenanced, but there has been a lot of secrecy over a long period of years because it was thought essential to the system, and a great deal of this was blown away by the 1962 report. I do not think this did any harm at all. I think that if you are going to have censorship in a free society—and I agree that there are forces of circumstance which make it necessary—nevertheless as much as possible should be known about this censorship.

Q. I do not know that I want to controvert that as a general principle. I really was obviously hoping for more than you are prepared to concede about the operation of the system as it exists. One alternative would be to say that you do not feel you can really participate in the way that the committee think is the right way to participate—that is, not publishing 'D' notices—therefore you do not want to have them, and you take the risks, such as they are, of the Official Secrets Act. I do not suppose these particular problems often come across the path of the Spectator?—A. No. We do not even have a full-time defence correspondent, which is again one of the reasons why I thought we might not be part of the system. Yes, certainly if the secretary of the committee were to say to me, speaking on behalf of the committee: "Either you receive these, in which case you must give an undertaking that you do not publish, or else you will not receive them at all and you take the risks, such as they are, of the Official Secrets Act", then he is perfectly entitled to give me that choice, and I have to choose one or the other, and obviously if I chose to receive them on the strict understanding that I would not publish them then on a point of honour I would obviously have to accept this.

Q. Yes. That may be as far on this question as we can get today. Supposing the committee did give you that alternative, in the terms that I have been suggesting, would you be able, after thinking it over, to give us your answer?—A. I would certainly be happy to think it over, and subsequently let you know what I would choose. I think I would like to think about this further before giving an answer.
Mr. Shinwell: You are of course aware of the procedure, the procedure which has been in operation over a period of years, undertaken by the Press and Broadcasting Committee?—A. I am aware at second hand, as I explained to Lord Radcliffe, yes. I have never been part of this system personally.

Q. But you have now been made aware of it?—A. Yes.

Q. Within your knowledge has the procedure proved satisfactory, effective, no complaints about it?—A. I honestly do not feel that I am competent to judge on that. My impression—and I can only say it as an impression—is that there have been occasions when the system has been used in a way which to my mind is not strictly within the terms of reference of the system, but as I say I do not speak from direct experience, and I think probably I am not the right person to assist you on this point.

Q. Would you be surprised to learn that most of the newspaper editors who have been asked about this agree that the system on the whole has proved effective?—A. Oh, on the whole, if you ask me on the whole, yes, I think this is what I would expect the verdict to be.

Q. Then if a system has generally proved effective, what benefit is it to the public to disclose the ‘D’ notice?—A. I tried to explain why we did this, both in the Spectator and in my answers to the Chairman a moment ago. I did not feel and do not feel that what we did killed or jeopardised the ‘D’ notice system.

Q. But is that not taking rather the negative view? What is the positive advantage to the public? I gathered that your answers to the Chairman seemed to indicate that the issue concerned the public interest, the public benefit. Then what advantage accrues to the public disclosure of the ‘D’ notice?—A. If you will forgive me for repeating what I said earlier, there seemed to me to be a general point and a particular point: the general point is that while one accepts the need for a system of voluntary censorship, it is in the public interest that as much as possible should be known about that system, provided it does not involve any breach of security. The second and more particular point is that the precise wording of the ‘D’ notices had become an important political issue. This had been raised in the House of Commons by the Prime Minister, who made an accusation, in answer to a question which was not about the wording of the ‘D’ notices, stating that the Daily Express had contravened two ‘D’ notices, and this suddenly became an issue. It had never been an issue before, and the only way in which the public could possibly judge on this issue was for them to be able to read the ‘D’ notices concerned, and make up their own minds whether or not the Express had contravened the ‘D’ notices.

Q. Do I understand your concern, after the Prime Minister’s answer to the question, in the House, was to defend the Express!—A. So far from its being to defend the Express, the result of the piece we wrote in the Spectator was a piece in the Express attacking us. The Express was not at all happy with it.

Q. In reply to the Chairman you indicated that there might be occasions when, speaking for yourself as an editor, you would not be bound by a decision of the committee, even if the ‘D’ notice was regarded as valid?—A. I think this is, as I understand it, how the ‘D’ notice system does work, that any editor must in the ultimate resort reserve the right to publish a piece of information if he thinks it is in the public interest to do so, even if a ‘D’ notice has been issued warning him off it.

Q. Do you not agree?—A. Most certainly.
Q. If editors disregard a 'D' notice, and feel themselves in no way bound to comply with the provisions of the 'D' notice, even if it impinges on our security, then what is the purpose of the 'D' notice system? It relies on trust, it is a voluntary system, it relies on goodwill and co-operation, but if that is vitiated in some form, and presumably by all editors or a number of them, what is the purpose of the system?—A. Can I put it the other way: either it is a voluntary system or it is a compulsory system. You cannot have it both ways; you cannot say it is a voluntary system which is compulsorily binding on all editors. I think it is an open question as to what sort of censorship is the more desirable, bearing in mind the needs of security and the need for a free society and a free Press. In this country we have decided, I think rightly, that a voluntary system is preferable. There are of course the Official Secrets Act and so on in the background, but we have decided that a voluntary system is preferable. If you do opt for this system, then I think you must accept this as inherent in the voluntary nature.

Q. In your experience, can you recall any newspapers publishing the 'D' notices in the form in which they were published in the Spectator?—A. Not publishing the 'D' notices, no, but a more serious thing, a bigger thing, as Lord Radcliffe pointed out: publishing information which a 'D' notice specifically requested them not to publish.

Q. But if it is not customary, in fact it is most unusual and unlikely that editors would publish the 'D' notices, why did you publish them?—A. I am sorry, I did try and explain that earlier. I do not think I have anything to add to the explanation I gave earlier.

Q. That you did so in the public interest?—A. Yes.

Q. Were you concerned about invasion of privacy, or anything of that sort?—A. No, it was nothing to do with invasion of privacy.

Q. Then what did you mean by the public interest?—A. I mean in the interests of a free and open society.

Q. You are concerned of course about security; you agree that it is necessary to protect the public by adopting security measures from time to time?—A. Most certainly. As I say, it did not seem to me that the publication of the contents of these two notices involved any breach of security.

Q. Then you convey to the public the existence of 'D' notices, without details. Does that not create some suspicion in the minds of the public that there is something wrong, without full information?—A. The existence of 'D' notices was revealed pretty fully earlier, in the 1962 Report of the Committee of Enquiry into Security Procedures in the Public Service.

Q. But they have not been published in the Press until this occasion?—That is correct.

Q. Had you any other motive in publishing them?—A. No, no other motive at all.

Q. You were concerned about the Prime Minister's attitude in the House of Commons, of course?—A. I was concerned about this particular issue, yes.

Q. And that was probably one reason why you published them?—A. If we are talking now in terms of the political field, I would say that there is really a wider issue, and that is that it does seem to me that one of the problems at the present time is that under the present Constitution which we do have in this country, the power of the executive—this is not an original point, I do not claim any originality, but this seems to me incontrovertible—the power of the executive has become terrifyingly strong, and that there are many ways in which the executive is able to expand its powers, without any proper check or balance—and I believe one of the necessary checks and balances is the Press, and the publication in the Press of facts and reports and documents which enable the public to check the validity of what it is that the executive is doing or saying....
Q. Although agreeing with you a hundred per cent. about the growing power of the executive—I am very much interested in this topic—would you not also agree that a government is bound from time to time to adopt measures in order to safeguard the interests of the public, without disclosing details?—A. I hope that the Government is wholly occupied in safeguarding the interests of the public, and not just from time to time. But I feel that this was a very strange occasion. I still do not understand to this day why it was that the Prime Minister, in answer to this question of how many 'D' notices had been published, made this accusation about the Express. I do not understand it, it seems to have been quite unnecessary, and certainly I cannot see how this as it happens was in the public interest.

Q. If the Prime Minister had not made the statement in the House, you would not have been concerned about the 'D' notices and about publication?—A. (Mr. Watkins): Can I come in here? No, it would not have been germane to my article, which was on Mr. Wilson and the Press. It was Mr. Wilson as it were who brought up the question of 'D' notices and the Daily Express in the first place. There would have been no occasion to do it if he had not said that.

Q. You are familiar with the procedure of the Press and Broadcasting Committee and the 'D' notice system?—A. Only what I have read, particularly in the 1962 report.

Q. So it amounts to this, that if it had not been for the statement by the Prime Minister, you would not have bothered about this at all?—A. Oh no.

Q. You would not?—A. No. I certainly would not—I do not know whether we are a cross purposes here, but I would not have been writing the article.

Q. But I understand from what Mr. Lawson has said—and no doubt you agree—that your opinion is that 'D' notices should be published from time to time?—A. If it is in the public interest that they should be published.

Q. But you never would have done so if it had not been for the statement by the Prime Minister? That was the reason you decided to publish them?—A. The accusation that the Daily Express had broken two 'D' notices, and I took the view, as political correspondent, that the 'D' notices ought to be set out so that people could see. This had become a matter of acute political controversy.—(Mr. Lawson): I think one can take it a stage earlier, that had this accusation not been made about these two specific 'D' notices, Alan Watkins would never have gone to Colonel Lohan and said: "Please can I see these two notices?", and there would not have been an issue.—(Mr. Watkins): I think it is a philosophical point you are raising, Mr. Shinwell: if it had not been for the chain of events, I would not have been writing the article.

Q. I am not accused by the Press of having any knowledge of philosophy, so I must not answer that. When it was decided to appoint this committee, what view did you take of it? Did you think it was unnecessary to have this committee of inquiry?—A. (Mr. Lawson): No, I think we felt that there was need for some sort of inquiry.

Q. Do you think, in the circumstances, that the Government acted wisely in appointing this tribunal?—A. Yes, I am sure it did.

Q. And Mr. Watkins, you agree?—A. (Mr. Watkins): I am really being asked my opinion, am I not? I would rather not give it, honestly.

Q. You expressed an opinion in your article, did you not?—A. Oh yes, but I think it might be better if I did not express an opinion as to the usefulness of this committee.

Q. May I quote your article?—A. Yes do.

Mr. Shinwell: "It may be that the committee composed of Lord Radcliffe, Mr. Emanuel Shinwell and Mr. Selwyn Lloyd—an unlikely and slightly hilarious trio—will justify the Express."

Chairman: Well, Mr. Watkins has written it, and he does not want to enlarge on it.

Mr. Shinwell: Can you explain what you meant by that?—A. No, no. I think it is a perfectly lucid sentence, if I may say so.

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Q. What do you mean by hilarious? Be quite open about it, it is all right, you will not get into trouble about it, we shall not sue you for libel.—A. No, but I think it would be better if we did not go into these matters—but, the Committee was, I thought, an unlikely conjunction of individuals.

Q. Was that term “hilarious” just associated with your general view about this, you were just having fun and games, you were not really concerned about the ’D’ notice publication, were you?—A. Yes I was, of course I was.

Mr. Shinwell: Thank you.

Mr. Selwyn Lloyd: Mr. Lawson, looking to the future, you did say you accepted the need for a system of voluntary censorship. Because it is voluntary, the sanction therefore is consent, and when one comes to the question of the public interest the editor has the right to disregard the ’D’ notice, that really is the ultimate sanction?—A. (Mr. Lawson): Yes—and then he takes his chance, obviously, with the Act.

Q. Do you think it is unreasonable that the committee, on which there are sixteen people, eleven from the Press and five from Defence departments, should communicate on a private and confidential basis?—A. I think it is certainly perfectly reasonable that they should communicate on a private and confidential basis as the normal routine, because obviously a lot of what they are concerned about is highly confidential. I believe however that there are occasions when it is in the public interest to shed a little light on parts of this.

Q. But is it not going to make the work of the committee very difficult, if it sends out a private and confidential letter knowing that the recipient is going to decide for himself whether or not to treat it as private and confidential?—A. I think it might well be the case, as I say, that the committee would want to say to an editor: “There is a choice before you: either you receive these, in which case you must clearly understand that they are not to be published, or else you do not receive them at all, and if you get hold of them in any other way and you publish them this is a different matter”, and I think Lord Radcliffe asked me to ponder on this and give a reply.

Q. It would be a great pity, would it not—in fact would it not be very damaging to the voluntary system?—if you did get, say, a dozen editors out of the number who receive them, saying: “We contract out of the system”? Would that not in fact wreck the system?—A. Contracting out of the thing totally?

Q. If they say: “We take our chance under the Official Secrets Act, we do not want to receive these notices”.—A. If a dozen editors were going to do this, then obviously the system would be very considerably reduced in effectiveness. It is not my impression that this is very likely, because most papers are broadly satisfied with the system as it is. Of course, we are in a slightly different position from many other papers, because we do not have a full-time defence correspondent; we are not constantly faced with the problem of whether a bit of defence news should be published—we are not even in the news business, strictly speaking—should we publish it, or should we not. I can see the problem with the daily newspapers, having to make quick decisions all the time about whether something should be published or not, but we are in a different position, therefore it does not seem to me that it follows that if we were to take one view about the ’D’ notice system, whether we want to be in it or not, then the Fleet Street daily papers would automatically take the same position. I do not think it would follow, although I agree that if everybody did follow this then the whole thing would break down. I would also say, if I may, that the situation at the moment as I understand it—and I think certainly it is how it should be—is that the editor does reserve in the ultimate instance the right to publish something, even if there has been a ’D’ notice requesting him not to do so, and it seems to me that much the same might well apply to the question of publication, that he might reserve the right to publish ultimately on much the same ground if he really feels that this is in the public interest. And what had happened was that a very peculiar thing had arisen, in my knowledge unprecedented, about these two ’D’ notices.
Q. Yes. I am not concerned with the past, I am merely looking to the future. It seems to me that a body of this sort is going to be put in a serious difficulty if it cannot communicate on a private and confidential basis with all the recipients of these notices.—A. I think it must communicate on a private and confidential basis, but it does not seem to me to follow from this either that every single journal in the country should be part of the system, and it does not seem to me to follow from this that there will not be instances when an editor—I do not want to commit myself on this—might feel that the public interest was overpoweringly in favour of publication of a particular notice. Again, this could be got round in other ways. As I say, there could be as it were two classes of notice: there could be some notices which, because of their nature, can be published as they are promulgated, and others which cannot. From the fact that a large number of communications of the committee must be of a private and confidential nature, it does not necessarily follow that every single communication must be on a private and confidential basis, because after all the existence of the committee now is well known.

Q. That is on a slightly different point; that is if the committee decides to publish, which it might, of course. But what about the other weeklies? If you were to decide that you would contract out of the system, who do you think would follow your example? Would the other weeklies all do it? Do they have defence correspondents?—A. The Economist has a defence correspondent; the New Statesman does not really have a defence correspondent, they have an academic who writes on defence from time to time but he is not a practical working journalist in any sense. I cannot tell you, I am afraid, what decision other editors would make. I have not even committed myself to what decision we would make.

Q. No. I am really putting these questions for consideration, and so that you may possibly be thinking them over when you come to make your decision. It would seem to me possible that it might become an example followed by others, and that quite inadvertently in trying to preserve your own freedom of action you might be wrecking the whole system.—A. I do not believe this is so. As I say, I think we are in a different position from the daily newspapers and Sunday newspapers.

Q. I am accepting that you have the right of course to disregard them, but that right is really the preservation of the national interest in the broadest sense, rather than the right to publish a private and confidential document. I take it that you would accept that you should not publish a private and confidential document, and that if you feel you want freedom to do that you should contract out of the system?—A. I think clearly if one accepts a system on a plainly understood private and confidential basis, that is one thing and one adheres to it; on the other hand, it could be that the confidentiality of the documents was on the same basis as the advice in the documents, in other words that there was a request, with the same authority, not to publish them.—(Mr. Watkins): May I just interpose here, because I want to clear up an answer which I gave to Lord Radcliffe earlier. I think it is necessary to distinguish two senses of private and confidential document: one case it seems to me is where one has entered into a system or into a relationship with the person who gives you the document; the other case is where the document has “Private and confidential” stamped upon it, or indeed “Secret”, or indeed “Top Secret”, and the classification which the originator of the document chooses to put on it, whether confidential, private or whatever, should not I think necessarily inhibit a journalist or an editor, although of course he will take account of it.

Chairman: Of course, I accept your distinction, but I was thinking about the first of the classes which you referred to, in which the terms of dealing with the possession of the document are clearly set out. Thank you very much, we are much obliged to you both. You will think over your position on the point I have put to you?—A. (Mr. Lawson): Yes, I shall

(The witnesses withdrew)

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EVIDENCE OF MR. L. J. DICKER

Chairman: We are grateful to you for coming. Would you make plain exactly your capacity?—A. I am at the moment the only representative of the Newspaper Proprietors' Association on the Services Press and Broadcasting Committee. I cannot say that I am giving you the views of the N.P.A. because they have not met and briefed me, but I am here with their knowledge, consent and approval to speak as the N.P.A. representative on this committee. That is the position, and I believe I am the senior member of the committee except for one of the technical members. I am the senior newspaper member.

Q. For how long have you been a member of the committee?—A. Since 1955.

Q. So you have had a long experience of it?—A. Yes indeed.

Mr. Selwyn Lloyd: May I ask why were you the representative? You were chosen, were you?—A. Yes, you are nominated by the body you represent, in my case the N.P.A., and there is the Newspaper Society, the Guild of Editors and so on, and the broadcasting services.

Chairman: Once you have been chosen and have passed on to membership of the committee you have not got contact with your appointing body; you act on your own responsibility?—A. Yes. Just occasionally I have rung them up and said, "We have this little problem, and I propose to do so-and-so", and that is how it has gone.

Q. We gather the full committee only meets about once a year?—A. It meets when necessary.

Q. I appreciate that.—A. We always try to meet at least once a year to have a look at each other anyway.

Q. We have been told that there is, as it were, an emergency procedure. On behalf of the committee the secretary approaches as many as three newspaper people with an emergency government request for meeting together, and they either approve or disapprove of it. Have you been involved in that?—A. Yes.

Q. Does it work?—A. It works quite well, yes. You must of course realise, as I shall tell you presently, that some requests for 'D' notices do not get as far as us because the secretary, who knows the form, will say to a Service Department, "There is no point in putting this forward, they will never wear it." That is why we probably have not issued any in the last six months, or the last six months of last year. When the question was asked in the House, how many 'D' notices have been issued in the last six months, the answer was none, and none for the previous year. There might have been a supplementary question as to how many 'D' notices were requested and not granted. There might also have been a supplementary question as to how many private and confidential letters were asked for. Apart from 'D' notices there is also the private and confidential letter procedure.

Q. How would you describe that with your experience? How is it distinguished from the 'D' notice?—A. The private and confidential letter frequently draws attention to the contents of a 'D' notice, but it can also invite Editors, without going as far as a 'D' notice, to do or not do certain things. One that has worked very well is the private and confidential letter on the question of. . . . Although the private and confidential letter has not got the same weight as a 'D' notice, this one in particular has worked very successfully.

Q. How does it differ from a 'D' notice? Does it not go through the Press representatives?—A. It does.

Q. How does it differ?—A. Very little really. One is inclined to bracket them together as far as the office is concerned.

Q. It is not a thing which emanates purely from a Government source without the Press representatives on the committee being asked?—A. No.

Q. So it has to have some Press weight behind it, as does the 'D' notice?—A. Yes, I imagine they could issue a private and confidential letter without going through the full committee procedure, but as far as I know they always have.
Q. Anyone is entitled to ask an Editor if he would mind not publishing A or B, but what we call a private and confidential letter emanates from the secretary of the Press and Broadcasting Committee?—A. Yes.

Q. But it is not issued without the Press representatives being consulted first?—A. It comes with our approval.

Mr. Selwyn Lloyd: All of them?—A. I do not know one that has not. It may be letters have been written to Editors privately, but that is quite another thing.

Chairman: But that does not use the machinery or the name of the Committee?—A. No.

Q. Then I do not see the distinction.—A. There is very little distinction actually, but it is just that the one appears to have more weight than the other. If you saw a 'D' notice there and a private and confidential letter there you would probably say the 'D' notice was the more important document.

Q. They both go on the same file in the Editor's office I imagine?—A. Yes.

Q. And both are one might say uniformly observed?—A. Yes.

Q. Although there are inadvertent breaches?—A. Yes, very few I am glad to say.

Q. You have had twelve years' experience. Have you known of a deliberate breach of anything which has gone out under the Committee's name?—A. No. I have never known a deliberate breach. The only one I remember, and I am afraid I was not connected with this because I was on holiday abroad at the time although it concerned my own paper, was that there had been a defector and we had news of this and raised it with I think Colonel Lohan, or whoever was acting for him at the time. It was referred back to the Service Departments concerned and a 'D' notice was issued asking the papers not to mention this matter, which of course gave away our exclusive and was a little unfair in that the department concerned could have told us in advance, told all the newspapers, that there had been this defection and they wanted it kept quiet for a certain time while he was questioned. It was issuing a 'D' notice from hindsight, and I believe the Daily Telegraph published it. Otherwise the only breaches I know of have been quite inadvertent. It is rather difficult of course for everybody—people who are on duty at all hours of the day on a newspaper—to be made aware of 'D' notices. You have to keep 'D' notices under a certain amount of security, and it is not always possible to do that and make them available to those who are on duty at 3 o'clock in the morning.

Q. Obviously. I appreciate everybody regards the defector incident as being a special one, but is it possible to apply a principle that, because one paper has got a story which I will assume affects security in a material way, there cannot be a general 'D' notice issued about it?—A. If I may, sir, I would like to bring this out in the context because it does affect our procedure a little and it has some bearing on the case which gave rise to this tribunal being set up. I do not want you to think I am shooting a line, but on a previous occasion some reference was made to the stature of members of the Committee. I would like to point out that, while I am not an Editor, as indeed some of our members are, I have had a certain amount of security responsibility, in that I served in the Royal Artillery during the war and was trained in what was then secret equipment such as radar, aircraft plotting, proximity fuses and so on. I was responsible for the issue of the recognition signals for aircraft and later on also for the destruction of them by fire when they were in use. At the request of the Newspaper Proprietors Wartime Emergency Committee just before D-Day I was transferred to Press communications in the north-west German campaign and attended many top secret briefings and worked in close liaison with the field Press censors and field security services. My appointment to this Committee was on the recommendation of the late Lord Burnham who was a big figure in the N.P.A. and managing director of the Daily Telegraph, and who had been during the war director of public relations at the War Office. So perhaps I have a little advantage of knowing something of both sides of the counter. I have in reply to your question mentioned the question of private and confidential letters and do emphasise that they have been very effective,
particularly the one about . . . and that is admitted by the services side. There have been moves to turn the private and confidential letter into a ‘D’ notice, but nobody appears to have agreed on the wording. As it is going very well at the moment I think we ought to let well alone.

Mr. Selwyn Lloyd: How long has the . . . one been going on?—A. For a year or two. The Press side of the Services Press and Broadcasting Committee may have told you this, but I would like to make it clear from the N.P.A. point of view they adopt these standards for agreeing to the issue of a ‘D’ notice: the security of the Realm and the Commonwealth; the protection of life, usually servicemen’s lives but not always; compromising the work of the security services. The examples of this in the security of the Realm are withholding such information as the existence of certain installations; the protection of life; even this . . . notice, . . . and their lives would be in tremendous jeopardy. Also the Petrovs, the Russians who defected in Australia; they are still under security so far as their place of residence goes because we are assured by the security services that Iron Curtain vengeance goes so far that their lives would be worth nothing if it were known where they now are. So as to avoid compromising the work of the security services we have a ‘D’ notice making secret the address of M.I.5, the identification of agents and certain security methods.

Q. Pausing on that one, as you say, you have outstanding ‘D’ notices which cover probably a good deal of it, but is it very difficult for your committee to get enough information about security service operations to be able to issue a ‘D’ notice about it? Do you find that you do not get the kind of background information on that subject that you need?—A. Yes, so far we have never seen Mr. X.

Q. You may be denied that.—A. But we hope in future that we shall. That is another point I am coming to in a moment. But I would like to emphasise this. We do not agree to ‘D’ notices, and I think we never shall, for such reasons as saving Ministers or Departments from awkward questions. We all realise that awkward questions can be raised in the House, and so on, and may be reported in the Press. That we cannot help, and whatever party is in power the same applies. We are sometimes asked to suppress troop movements and we have made it clear we can hardly be expected to do that unless the services can say that full field security is applied, by which I mean such things as the wartime method of sealing the troops after briefing. This was discussed at a meeting of the committee and I asked if this were possible; I was told that it is not in peacetime. I said that there was nothing to prevent troops going out of camp after being briefed and using the public telephone to ring up their wives, sisters, mothers, brothers, sweethearts and telling them where they were going, and they said, “I suppose there is not.” In that case nothing that we can do will keep troop movements secret. Some of the ‘D’ notices already in existence one rather questions . . . .

Q. It was accepted in the first place?—A. Yes, that was before my time.

Mr. Shinwell: Who conveys these suggestions to you? How are they conveyed to you?—A. Which suggestions?

Q. . . . How do you get to know about it? Does somebody come to you?—A. Yes, normally a ‘D’ notice starts with a Service Department asking for this particular ‘D’ notice to be issued.

Q. Does it come from a Service Department or does it come from the secretary of the committee?—A. It would come to us from the secretary of the committee, but it would have been put to him by one of the Service Departments. If the War Office wants a ‘D’ notice it would presumably go through the Minister of Defence, who will pass it on to the secretary of the committee, and if he thought it was worth while coming to us he would bring it to us.

Q. Could you be a little more explicit and explain the channel of communication? There is a secretary of the Press and Broadcasting Committee?—A. Yes.

Q. At one time it was Admiral Thompson, now it is Colonel Lohan?—A. Yes.

Q. Do the Service Departments convey the request to Colonel Lohan in the first instance, and then does he convey it to your committee? Is that how it is done?—A. That is how it is done.
Q. Does it come direct from the Service Department or any other department?—A. It comes direct from the Service Department to the committee, but it goes through the secretary of the committee. Now we are coming to the point which caused this tribunal to be set up: the methods used in counter-espionage. It must be quite obvious that at times there is scrutiny of cables and telegrams, a watch on ports, telephone tapping and so on; everybody knows that certain precautions have to be taken against spying, otherwise he gets away with it and goes on for some time without being caught, as we have known from court cases in the past. It must be obvious to everybody there is a watch on seaports and airports, and it must be obvious that cables are being scrutinised. We come down to the ‘D’ notice about no mention being made of counter-espionage methods. I think it can only be held to apply to particular cases, and I do not know what the basis of Mr. Chapman Pincher’s report was. I do know he is a very experienced journalist. I do not know whether in fact scrutiny of commercial cables has been stepped up, but if you want my opinion, I will say that anything that happened there was a very technical breach of security, if in fact it was a breach at all.

Chairman: Just what are you saying—that your reading of the ‘D’ notices in question makes you at any rate doubt very much whether they apply to the article, is that it?—A. Yes, could I put it this way, sir, that we have asked newspapers not to say anything that gives away our counter-espionage methods. I do not think it is giving them away to say a port is being watched for an absconding diplomat, or that some sort of scrutiny must be made of outgoing communications. It is an obvious thing to do if you have a security service at all, and one would think one was not getting very much for one’s money if they did not do it.

Q. You would not oppose the first instance you gave, would you, that of a port being watched, because that would be a direct tip-off to the intending absconder? The second one I follow.—A. The absconder would have sufficient sense to think he probably would be watched. We have all travelled by sea; we have seen men looking at passports and consulting a list of people he wants to meet, and then saying, “Off you go”.

Q. You mean simply stating that there is a regular service through which every outgoing traveller has to pass is rather a different thing?—A. What I would consider to be a breach of a ‘D’ notice is this. If one reads one’s James Bond one knows every agent carries a Smith Wesson in a shoulder holster; if you changed the weapon that might be a breach of security. We all imagined in our boyhood that MI.5 used invisible ink, which is giving nothing away, but if you gave the formula that is being used for the invisible ink you would help the enemy by telling him how to detect it more easily—if you see the distinction I am trying to make?

Q. I am sure there is a distinction there. You think a general statement that there is a scrutiny of all outgoing or incoming cables does not fall within that conception?—A. I would not think it is telling the enemy anything he does not know. Put yourself in the position of an agent in this country getting a message out—he would be very wary of sending it by cable.

Q. It might be important to know how comprehensive and regular the scrutiny was?—A. Yes, I would expect that any cablegram that gave any cause at all for suspicion or one that seemed to fall into a pattern would naturally be referred to the security services.

Q. That raises the question of how you would detect a pattern.—A. Yes, if you find a man is ordering 50 cwt. of potatoes from London today, from Southampton on the second day and from Hull the third day you would think there was something fishy going on.

Mr. Shinwell: A Service Department, including the authority who presides, declares that this is a very important matter, there must be no disclosure of any sort or kind. Does the Press then act as a judge in a matter of that sort and disregard the opinion of the department?—A. Are you suggesting they are now, through the ‘D’ notice procedure?
Q. You seem to be saying there are instances where in your opinion there is no reason for secrecy at all—is not that what you are saying?—A. In some cases I do say that.

Q. Who is to be the judge?—A. If it is a question of the ‘D’ notice committee advising the Press not to use something, they must first of all be put in possession of all the information, and not merely told “This is important.” We should be given the whole story. That is another point I have in my notes to bring up before you. Sometimes of course one cannot help technically breaking a ‘D’ notice. . . . It is a question of interpreting these things in the best possible way, having regard to the circumstances of the moment. I would like to emphasise that newspapers try to be as loyal as most, and we would not willingly do anything to compromise the security of the Realm, or any of the other things which are the basis of issuing a ‘D’ notice. I just want to digress for a moment about the question of when a newspaper seeks advice from Colonel Lohan—it usually starts with Colonel Lohan—on a story which may be said to conflict with a ‘D’ notice. I think you may agree that this can hardly be referred to the Services Press and Broadcasting Committee members, because one would be put in the position of having to pass judgment on another paper’s story. That is not fair to the journalist concerned and is not fair to us. I would not like to sit in the office during the evening knowing that the Daily Express first edition was coming out with a story which we would probably like to have, and this might easily happen.

Chairman: I follow that, that you can be brought into it as far as drawing up a ‘D’ notice is concerned, but after that if there are questions of interpretation the Press representatives must be left out of it?—A. Yes.

Q. What follows from that?—A. In that case I think on the question of one individual story it has got to be between Colonel Lohan and the journalist or the editor concerned. I have had some experience of something rather like this just after the war, when the Control Commission took over in Germany. It was announced by one of the Control Commission senior officers that if they acted on behalf of any individual journalist the information they got would be available to all. This of course caused the most alarm in which I got involved, because I was asked to preside over meetings between the two sides. There was I, with senior officers on one side and war correspondents on the other, trying to sort things out. The Control Commission eventually had to drop it and they agreed to respect a paper’s “exclusive”, as I think Colonel Lohan and the committee have here. I would rather not know about what another paper is going to publish, and I am sure other editors would think that too. I am prepared always to give my opinion as to whether a ‘D’ notice should be put on a particular matter, but I do not think any member of this committee should be asked to judge whether a particular story—and they would have to know what it was—was conflicting with a ‘D’ notice. This is only my own thoughts and does not represent anyone else’s opinion, nor that of any of my colleagues to whom I have not mentioned it.

Q. What follows then? There is the secretary with a question arising about a story which a newspaper has got which he may think is within the ‘D’ notice; the newspaper may entirely genuinely think it is not. What happens?—A. The only thing they can do is to have direct dealings between Colonel Lohan and the newspaper and, if it is necessary, bring one of the service departments in, but it must be between him and the newspaper.

Q. But what is his position? He cannot make a ruling and say “I declare this is, despite what you say, within a ‘D’ notice”?—A. No, that is what I was coming to. I was hoping to put up something which is my own opinion, something for you to kick around, and that is that it might be necessary to have a referee or umpire. I was thinking of someone like Frank Milton, the London magistrate, with his legal brain on one side and his military experience on the other. He was once my instructor on military law, and such a good one that 25 years later I remember it all. To him perhaps might be supplied copies of ‘D’ notices, and in cases like this he, or someone like him, could be asked to rule: Does it, or does it not, come under the ‘D’ notice?
Q. I follow that. He has to be on the job very quickly; it would only be a question of a few hours possibly.—A. Minutes, sir.

Q. Would the Press side accept some impartial referee?—A. That is a thing on which I have consulted no one; it is merely an idea in my own mind which I thought you gentlemen might like to kick around.

Q. It has two basic elements; first of all the Press would have to agree to respect such a decision which would mean you would have to find someone who is sufficiently knowledgeable and experienced for the Press to respect his decision, and secondly he would have to undertake to be almost constantly available.—A. It would require those two prerequisites, yes. We had originally meetings with the committee, and one of the things posed is that one member from the Press side should be recognised as vice-chairman of the whole committee, which is now as you know chaired by the Permanent Under-Secretary, and that he should be positively vetted so that all relevant information on any crisis could be given to him with confidence. Since part of your brief is to consider how procedure could be improved, I think this should apply to the whole committee. It is necessary to consult more than one person, and people are often away on holiday. These things do crop up sometimes when one is away, and I do not think anybody should be on this committee who has not the full confidence of the security services so that at any time they can be given full information on which to make a judgment.

Mr. Selwyn Lloyd: Would the Press accept that, that they should all be positively vetted?—A. I should imagine so. I should imagine on the quiet we have been vetted already—I should be surprised if we were not.

Chairman: Do you think the Press would be content that somebody they have nominated to serve on the committee should be told he could not serve because, for reasons which probably could not be given to him, the people responsible for the check had decided against him?—A. I would have thought it would be better to turf him out before any damage was done.

Mr. Selwyn Lloyd: Would the Press accept it?

Mr. Shinwell: I am trying to connect this with something you said previously. You said that the committee must be satisfied on the information that is furnished to them that there is a case for secrecy?—A. Yes.

Q. Suppose the government department says, "We are very sorry, we cannot disclose the information; it is highly important, highly secret and we cannot disclose it." What do you do then?—A. That is rather a poser, sir. I am looking at it this way, that this committee by issuing a 'D' notice is probably silencing all the London papers and all the provincial papers amounting to 2,000 organs in the country, and before that we have to be sure we are on the right lines. I do hope that the people on this committee could be trusted with the information.

Mr. Selwyn Lloyd: If they came and said to you, "At such-and-such place there is very secret mechanism, we have no intention of telling you what it is, what its purpose is or how it is constructed; we tell you there is this very secret thing, do not mention it." Would you take that?—A. No, I should say "What is it; what is this secret installation?"

Chairman: It would be very difficult to issue a 'D' notice about it in terms unless you know. The danger of a 'D' notice always is that it must carry a certain amount of information.—A. The wording sometimes does not convey very much, but they could admittedly put an enemy agent on the right track.

Mr. Selwyn Lloyd: If they said "connected with radar", would that be enough?—A. I would not think radar was secret.

Mr. Selwyn Lloyd: A new type of radar.

Mr. Shinwell: What you are asking for is that information should be conveyed to members of this committee who would be positively vetted, whatever that means at the end of the day, which is not conveyed even to members of
the Cabinet.—A. I do not know what information is conveyed to members of the Cabinet.

Mr. Shinwell: You can take it from me there are some items which relate to security that are not even conveyed to every member of the Cabinet. Why should this information be conveyed to this committee?

Chairman: I think Mr. Dicker's difficulty is that he is asked to put the weight of his authority as a pressman behind keeping something out of the news that otherwise would be in it, and he does not feel he can do that unless he is given a good reason for doing it.

Mr. Shinwell: Lord Radcliffe, you recall that a statement was made by an editor that no editor, no individual editor, can feel bound by any decision of the committee. What would you say to that?—A. No, the only thing I can say to that, sir, is that of course if the position got out of hand you would have to have recourse to the Official Secrets Act.

Chairman: You would have to redraft it first! But this is your difficulty, is it not, that a mere—I do not want to beg the question by the use of the word "mere"—a declaration by some eminent civil servant that something is frightfully important but that it is equally important in the public interest that it should not be published, is not enough for your committee to accept unless you are given at any rate acceptable reasons?—A. Yes, we would like to know—I suppose it comes to this—that we are acting in the national interest and not in any political interest. The reason it is desired not to mention it may be a question of cost, I do not know, but if I can have even the slightest glimmer of information that we have some revolutionary weapon we do not want the other side to get to know about, all right, I will give my backing to any 'D' notice. I often wonder if we find the ultimate deterrent whether we will announce it or keep it secret.

Q. . . .

Chairman: This arose out of something which I do not want to leave, the idea of a vice-chairman drawn from the Press side.—A. Yes, the suggestion came from the official side.

Q. What are you going to do with him if he is not going to pass judgment on emergency questions as between the secretary and one newspaper? Can he intervene? You say a pressman cannot be expected to.—A. I think the services side think what I have suggested, that there should be someone on our side to whom they can speak with the utmost confidence and frankness.

Q. Speak to him for what purpose?—A. On the question of the issue of a 'D' notice.

Q. He would not have the guarantee of his fellow members?—A. No. It was suggested at the same meeting that someone should have the power to judge on the issue of a 'D' notice or not. The consensus of opinion was on our side of the committee that it would not work.

Q. You did suggest a referee, did you not?—A. Yes.

Q. But the referee would not be a member of the committee?—A. No.

Q. What your people felt would not work was one member of the committee?—A. One or more, yes.

Mr. Shinwell: The referee might be told part of the story by someone representing the government, and that part of the story would be told to the committee and they would not accept it; they would want the whole story. Do you understand that to be the position?—A. Yes, as I say it is not really a suggestion, merely an idea that passed through my mind, the question of a referee. As a lawyer, you will know various Acts of Parliament and can give an opinion as to whether one has been broken or not. The referee would have copies of 'D' notices, that is all he would have, and a certain story would be submitted to him, and he would say, "That clearly conflicts with 'D' notice so-and-so." I am not suggesting he should have any more information than that. He would be an expert on 'D' notices in the same way as a lawyer knows the law.
**Mr. Shinwell:** It would relate solely to the impending publication of a story?—A. Yes, Sir.

Q. And the referee would be asked to pass judgment on whether that was a story that was related to the ‘D’ notice?—A. Yes.

**Chairman:** Do you think he could do it without knowing the past work of the system and the understandings that had arisen over a period as to where it would seem to be straightforward and rather comprehensive?—A. I suppose he will have to know something about case law as well.

**Chairman:** It looks like one of the possible difficulties over this April, 1956, ‘D’ notice, that although it might read to a person coming to it for the first time as being very comprehensive, in fact it has not been applied that way and possibly cannot be.

**Mr. Selwyn Lloyd:** Could he say there was a prima facie case and the story was not to be printed for 24 hours?—A. This, as I say, is not the view of the N.P.A., it is not the view of my colleagues, just an idea which passed through my mind to get over this difficulty. Going back to the question of a member of the committee judging, supposing Chapman Pincher writes another story next week and it is shown to me; I may say no, it cannot be used, and it might be suggested I am just stopping the *Express* getting the story because we have not got it.

**Chairman:** You might get it in the meantime.

**Mr. Selwyn Lloyd:** I do not see how you could get your referee. These things might happen sometimes with the first edition and the man would have to be on duty permanently.—A. You have the case of Colonel Lohan who is a man who is on duty 24 hours a day 52 weeks of the year; he must be.

**Chairman:** He is at any rate providing a service, but the referee is the man who is only there just for the crisis and he is to be turned on like a tap.—A. Rather like the office legal consultants. When you have a sticky story you send it to them at 9 o’clock, 10 o’clock or 11 o’clock at night and they have to give a spot judgment.

**Mr. Shinwell:** This is not a criticism, but how does he manage to cope without an assistant of almost equal status?—A. The answer apparently is that he never goes away.

Q. Where does the chairman of this Press and Broadcasting Committee come in? When does he function?—A. As far as first-hand evidence goes he presides over the committee meetings. I imagine he is frequently consulted by Colonel Lohan, and I imagine he is probably consulted by the Service Departments at times. As far as my own observation goes I only see him at committee meetings or if we meet socially.

Q. If there was any matter in dispute could it be referred to the chairman of the committee?—A. He is on the official side, is he not?

Q. But he is a person of some authority?—A. Yes, but at the same time he does represent the side which is trying for the ‘D’ notice as against the side which may be resisting.

Q. All that you have been saying amounts to this in my view, that the procedure that has been in operation in this committee for many years is unsatisfactory.—A. I have said quite the opposite, Sir. I think the committee has been operating pretty satisfactorily. We have had very few breaches. In my twelve years I can only remember about three what might be called rows, and I think altogether we have done a pretty good job.

Q. Would you go so far as to say that throughout the period when you have been operating on this committee you have always been able to get the information you wanted from Service Departments or government departments which satisfied you that there was a case?—A. No, not always, sir.
Mr. Selwyn Lloyd: If you did not get it there was not a ‘D’ notice?—A. We had to be pretty satisfied that there were reasonable grounds. I have forgotten what the last ‘D’ notice is now—this private and confidential letter on . . . What they did there was to invite us along to the Ministry of Defence and we were given what the services now call a presentation in which gentlemen spoke and pictures were projected, maps and so on, and there was a notice, “This presentation is secret”. We were told precisely what would be entailed . . . We were put completely in the picture.

Chairman: You had an adequate background on information?—A. Yes.

Mr. Shinwell: You have just said in reply to the previous question that you did not always get the information you wanted and yet you complied with the request of the secretary of the committee.—A. I am going back some years now. What I had in mind particularly was when we had a little inquest on this defector. We were not addressed by the security services president, we only had a second-hand kind of briefing, and we made the point then and there that we wanted to see Mr. X himself, although we may not be able to recognise him the next time we meet.

Q. Is not that asking a lot? You want to see Mr. X, whoever Mr. X may be. If any government department decides Mr. X is not available, you insist on seeing him?—A. When I say Mr. X I mean the representative of the security service himself as such and not someone who is acting as his mouthpiece. In other words, if MI.5 wants to talk to us let us have somebody from MI.5 and not be told what MI.5 thinks by somebody at the Admiralty.

Mr. Selwyn Lloyd: But you never have had anyone from MI.5?—A. Yes, I did, preceding ones. When I arranged several ‘D’ notices some people agreed them and others did not on the question of the Petrovs. One MI.5 man did come along.

Q. To the committee?—A. No, he actually talked to a sub-committee of the committee.

Chairman: Putting it from another angle, over the years you could not describe this system as completely watertight, could you?—A. No, it is not watertight.

Q. Do you think by its inherent nature it cannot be made watertight?—A. We have not got the power to compel a newspaper not to publish something. It may be the editor goes against it and if it is considered an extremely serious breach I suppose proceedings would be taken, but we cannot say to an editor, “You must not use it.” I might have originated the ‘D’ notice but my editor could still decide to go against it. I do not think he would, but he could and he might.

Q. I realise the nature and the powers, but in practice what has happened is that it has very rarely been challenged by any editor?—A. Very rarely.

Q. And you can only recollect one case, which I think was rather a special incident?—A. Yes.

Q. Otherwise it does not secure that there are not breaches, because they can arise inadvertently and without people realising it, and in fact do, but they do not destroy the general impression that it is working effectively.—A. No, we do not want to whitewash ourselves. In this committee where we were asked about things we came to the conclusion that we all said we thought it had worked very satisfactorily. I am only trying to provide one or two positive ideas for you to kick around, because part of your terms of reference is: Can it be improved?

Q. Yes. I was only asking—and I was rather putting the answers myself—whether to look for an improvement that makes it absolutely watertight may be unreal.—A. Yes, I do not think you could make it absolutely watertight, because we are not empowered to issue a final directive. The ‘D’ notices say “You are asked in the national interest to avoid so-and-so”, and most people are loyal citizens and do that. Might I inquire if this Tribunal is taking any notice of the question of the publication of ‘D’ notices?
Q. Well, when you came in you may have seen. . . .—A. Unofficially I know the last witness was Mr. Watkins.

Q. What do you want to say?—A. All I want to say is that the security of 'D' notices is a thing which is very close to our hearts, and we do not want them made available to all and sundry. One of the points we made at the last meeting was the distribution of 'D' notices would require to be by hand, if possible officer to officer, because although the Press Association through the good offices of its editor is willing to run a 'D' notice over the teleprinter to assist in an emergency, too many people see the tape, it has been seen by too many people before it gets to the editor.

Q. Using the P.A. tape, which obviously goes into all sorts of offices, it is not possible for this means of distribution to be confidential.—A. No, people such as the Daily Worker and the Tass Agency—anyone can see it.

Q. Really these are messages that should be brought to the eye of the editor direct, and P.A. tape is very far from achieving that?—A. Yes, and use of the double envelope system would be a safeguard, marked Private, Confidential or Secret.

Q. Why does your committee feel it essential that the 'D' notices should not be a matter for publication? Tell me the reason.—A. The reason is that a 'D' notice can lead a clever agent into certain directions of enquiry. They are made as watertight as possible, but you cannot avoid giving some clue as to what is going on.

Q. Yes, there is always a security element in a 'D' notice.—A. Oh yes. The Press Association tape of course we will have to fall back on if it is a question of getting something out in a matter of minutes; but otherwise the Whitehall system of fast motor cycle, or whatever it is, is the thing which ought to be used.

Q. But then you all know that, the secretary knows it.—A. Oh yes, and that is what he is doing, just as when he has to consult two or three members of the committee about something he sees them physically. If there is a question of doing much ringing up I suggest members of the committee should be provided with scrambler 'phones.

Q. But it is much better in an emergency that they should meet together?—A. Yes, but if it is a question of minutes one has to move quickly. But there may be quite a case for putting the members of the committee on the scrambler system. The reason I mentioned the Spectator—I only know one side of it—is that it did seem to us when it was mentioned at the last meeting that it was a question that required investigation. I was in favour of throwing it to the Press Council, but it was agreed that since it appeared this committee would be taking cognisance of it we should hold on until you have made your report.

Q. Anyway, the views of your committee are that it, would be inimical to the idea of the system that 'D' notices themselves should be given publicity; is that right?—A. Yes. Incidentally, there is a question of security involved here, because the Spectator published a statement that it had not a file of 'D' notices. I understand Colonel Lohan has . . .

Q. I think we are informed about these things. I only wanted to know what the attitude of your committee was.—A. We do feel here that the honour of our secretary is at stake, and I think we must be expected to protect our secretary.

Q. Yes. Are there any other points?—A. No, I think I have said all I wanted to say, sir. If there are any points you would like me to answer I would be only too pleased to do so.

Q. I think I have put to you the ones that were troubling me. I do not think I have anything else to ask you. Thank you very much, Mr. Dicker; I am obliged to you.—A. Thank you for a very patient hearing.

(The witness withdrew)
CABINET

LEGISLATIVE PROGRAMME 1967-68

Memorandum by the Lord President of the Council

The Future Legislation Committee have considered the Bills suggested by Ministers for inclusion in the legislative programme for 1967-68. The lists annexed the Bills have been provisionally classified under the following heads:-

A1. Essential Bills - that is, Bills which must be obtained by a particular date
A2. Contingent Bills - that is, Bills which may become essential
B. Main Programme Bills
B(S). Bills suitable for Scottish Standing Committee
C. Bills in Reserve - that is, Bills which might be brought forward if gaps develop in the programme, but which cannot have any priority in drafting
S. Bills suitable for the Second Reading Committee
P. Bills suitable for Private Members

I have shown separately, where this is appropriate, those Bills which I hope can be ready for introduction at the start of the Sessions and other Bills which will come forward later.

2. The programme is already a heavy one and further Bills could not be added unless we were prepared to jettison some of those already there. Moreover we must bear in mind that if we enter the European Economic Community time will have to be found for the passage of the necessary legislation either in the latter part of 1967-68 or in 1968-69.

3. I have been discussing with Ministers our longer-term plans for the remaining Sessions of this Parliament. Highly provisional plans are set out in Annex B for the Cabinet's information and as background to consideration of the 1967-68 programme. No decision has been or should be taken on them at this stage.

4. At present I seek the approval of the Cabinet only for the provisional programme set out in Lists A1, A2, B, B(S) and C of Annex A.

R.H.S.C.

Privy Council Office, S.W.1.

12th June, 1967
### A.1 ESSENTIAL BILLS

#### (i) Bills likely to be ready at the start of the Session

<table>
<thead>
<tr>
<th>Bill</th>
<th>Comment</th>
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<tbody>
<tr>
<td>Expiring Laws Continuance</td>
<td>The annual Bill to continue powers which would otherwise expire on 31.12.67.</td>
</tr>
<tr>
<td>National Theatre</td>
<td>To increase the Exchequer contribution to the cost of a National Theatre: short.</td>
</tr>
<tr>
<td>Mauritius (Independence)</td>
<td>Likely to be needed by January 1968, but may need to be passed by late November 1967.</td>
</tr>
<tr>
<td>Erskine Bridge</td>
<td>A Bill of some 15 clauses to authorise the levying of tolls on the bridge.</td>
</tr>
<tr>
<td>Acquisition of Beagle Aircraft Company</td>
<td>To authorise the Ministry of Technology to take over the Beagle Aircraft Company. Must be introduced by 31.12.67: short.</td>
</tr>
<tr>
<td>Social Services (Northern Ireland Agreement)</td>
<td>To enable Exchequer payments to Northern Ireland Government, invalid since the change from national assistance to supplementary benefits, to continue: short.</td>
</tr>
<tr>
<td>Trustee Savings Bank</td>
<td>To increase rate of interest payable to Banks by National Debt Office and possibly other minor matters - needed by May 1968: about 20 clauses.</td>
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#### (ii) Other Essential Bills for introduction later in the Session

**Finance**

<table>
<thead>
<tr>
<th>Bill</th>
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<tr>
<td>Baltic Claims</td>
<td>To give effect to agreement with USSR over claims arising out of the incorporation of the Baltic States into the USSR: short.</td>
</tr>
<tr>
<td>Open cast Coal</td>
<td>To extend compulsory powers of NCB, which will otherwise expire in September 1968, and take other useful powers: medium.</td>
</tr>
<tr>
<td>Gas (Borrowing Powers)</td>
<td>To refresh borrowing powers likely to be exhausted late in 1968: short.</td>
</tr>
<tr>
<td>Air Corporations</td>
<td>To increase BIA's, and possibly BAC's borrowing limits and perhaps, if policy decisions are reached in time, to effect a more radical overhaul of the finances and structure of the Corporations.</td>
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### A2 CONTINGENT BILLS

<table>
<thead>
<tr>
<th>Bill</th>
<th>Comment</th>
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<tbody>
<tr>
<td>Commonwealth Telegraphs</td>
<td>On status and privileges of Commonwealth Telecommunications Secretariat: may not be needed if Immunities and Privileges Bill is passed: short.</td>
</tr>
<tr>
<td>Southern Rhodesia (Constitution)</td>
<td>To replace Southern Rhodesia Act, if this is not continued by Order in its present form.</td>
</tr>
<tr>
<td>Montserrat</td>
<td>To establish a new constitutional relationship with the United Kingdom.</td>
</tr>
<tr>
<td>British Honduras (Independence)</td>
<td></td>
</tr>
<tr>
<td>Swaziland (Independence)</td>
<td></td>
</tr>
<tr>
<td>Prices and Incomes III</td>
<td>Highly contingent. To replace powers taken in this Session's Bill when they lapse.</td>
</tr>
<tr>
<td>International Development Association</td>
<td>Replenishment International Development Association funds. May be needed in January.</td>
</tr>
<tr>
<td>Computer Services</td>
<td>A short Bill might be needed if the Banks will not finance ICT's computer leasing scheme.</td>
</tr>
<tr>
<td>Sonic Bang Tests</td>
<td>Legislation might be needed if the proposed test programme encountered legal difficulties.</td>
</tr>
<tr>
<td>Development of Inventions (Amendment)</td>
<td>Finances for National Research and Development Corporation.</td>
</tr>
<tr>
<td>Monetary Reform</td>
<td>To enable the United Kingdom to join in any new international monetary arrangements.</td>
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<tr>
<td>Administration of Justice</td>
<td>A medium sized Bill to increase number of law lords and of Judges of the Supreme Court of England and Wales and of Northern Ireland and to make various changes in law affecting Supreme Courts and County Courts. Increase in Judiciary may become essential in 1968.</td>
</tr>
</tbody>
</table>
### B. MAIN PROGRAMME BILLS

#### (i) Bills likely to be ready at the start of the Session

<table>
<thead>
<tr>
<th>Bill</th>
<th>Comment</th>
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<tbody>
<tr>
<td>Medicines</td>
<td>A Bill of up to 100 clauses to control the safety, quality and supply of medicines.</td>
</tr>
<tr>
<td>Protection of Consumers (Trade Descriptions)/ Restrictive Trade Practices</td>
<td>Deals with misdescription of goods and various changes in the existing restrictive trade practices legislation. Put forward as two separate Bills, but could be combined as a single Bill of some 70 clauses.</td>
</tr>
<tr>
<td>Miscellaneous Health Services</td>
<td>A Bill of some 50 clauses tidying up and improving the powers of the various NHS authorities.</td>
</tr>
<tr>
<td>Gaming</td>
<td>New controls for gaming: over 40 clauses.</td>
</tr>
<tr>
<td>National Parks and Access to Countryside</td>
<td>A Bill of medium size promised in last year's White Paper.</td>
</tr>
<tr>
<td>Agriculture (Miscellaneous Provisions)</td>
<td>Deals with welfare of livestock kept under intensive conditions, compensation for tenant farmers, drainage charges etc. About 20-25 clauses.</td>
</tr>
<tr>
<td>Family Endowment</td>
<td>To provide further assistance for large families: medium</td>
</tr>
<tr>
<td>Consular Privileges</td>
<td>A short Bill to give effect to various international and bilateral conventions on consular privileges.</td>
</tr>
<tr>
<td>London Taxi Cabs</td>
<td>A short Bill to enable the Home Secretary to fix charges for long journeys and restrict use of the terms &quot;cab&quot; and &quot;taxi&quot;.</td>
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<tr>
<td>Justices of the Peace</td>
<td>A short Bill on financial loss and subsistence allowances for Justices, on the retiring age, and to abolish ex officio Justices.</td>
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<tr>
<td>Summer Time</td>
<td>Adoption of European time, permanently or experimentally: short.</td>
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<tr>
<td>Welsh Language</td>
<td>A short Bill to settle the status of the Welsh language in Wales (if not passed in present Session).</td>
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<tr>
<td>Post Office (Status)</td>
<td>A 100 clause Bill to turn the Post Office into a public corporation.</td>
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<tr>
<td>Transport</td>
<td>A Bill of up to 100 clauses dealing with the whole range of transport policy and possibly including provisions on travel concessions.</td>
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<tr>
<td>Planning</td>
<td>A long Bill revising the whole apparatus of planning control and giving compulsory purchase powers to Post Office and MPBV.</td>
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<tr>
<td>Channel Tunnel</td>
<td>To authorize work on the Channel Tunnel, if agreement is reached with the French Government and commercial interests concerned in time. Might be hybrid. About 50 clauses.</td>
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<tr>
<td>or Vehicle Registration</td>
<td>A 20-30 clause Bill authorising the transfer to a central organisation of responsibility for vehicle and driving licences.</td>
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<tr>
<td>Law Reform (Miscellaneous Provisions) II</td>
<td>Law reform proposals too controversial for Second Reading Committee — e.g., changes in law on the age of majority and rights of illegitimate children: medium.</td>
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<tr>
<td>Immunities and Privileges</td>
<td>A revision of the law on the immunities and privileges of international organisations. 20-30 clauses.</td>
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<tr>
<td>Race Relations/immigration appeals</td>
<td>To extend the scope of race relations legislation and provide for appeals against deportation or non-admission: medium.</td>
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<tr>
<td>Financing of Concord Production/Aircraft Industry (Finance)</td>
<td>To authorise Government support for the finances of the Concord project, if this cannot be done without legislation, and to nationalise part of the aircraft industry. Put forward as two separate Bills, but consideration is being given to whether they could be combined: short.</td>
</tr>
<tr>
<td>Mines and Quarries (Amendment)</td>
<td>To implement recommendations of the Aberfan Tribunal on the safety and clearance of slag heaps. Possibly Second Reading Committee.</td>
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<tr>
<td>Hovercraft</td>
<td>To settle the legal status of hovercraft and provide for safety regulations etc. Possibly Second Reading Committee. About 12 clauses.</td>
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</table>
### C. BILLS IN RESERVE

<table>
<thead>
<tr>
<th>Bill</th>
<th>Comment</th>
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<tbody>
<tr>
<td>Public Lending of Books</td>
<td>To provide for payments to authors for the use of their books in libraries.</td>
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<tr>
<td>Theatre Censorship</td>
<td>To end censorship by the Lord Chamberlain, and possibly provide substitute controls.</td>
</tr>
</tbody>
</table>

### (S) BILLS SUITABLE FOR SCOTTISH GRAND COMMITTEE

1. **Bills likely to be ready at the start of the Session**
   - **Erskine Bridge**
     - Also appears in Category A1, Essential Bills.
   - **Sewerage and Trade Effluent (Scotland)**
     - Modernisation of the existing law: some 60 clauses.

2. **Other Bills for later introduction**
   - **Social Work Services (Scotland)**
     - To implement the Kilbrandon Report and reorganise Scottish local authority social work services; 80+ clauses.
   - **Education (Superannuation) (Scotland)**
     - To amend the law relating to teachers' superannuation: some 20 clauses.
   - **Law Reform (Miscellaneous Provisions) (Scotland)**
     - Miscellaneous recommendations from the Scottish Law Commission, including revision of the law of evidence: 10-15 clauses.
   - **Law Reform (Legitimation)**
     - Recommendations from the Scottish Law Commission relating to law of legitimation: some 15 clauses.
   - **Feudal Burdens and Conveyancing**
     - To implement recommendations of the Halliday Committee on Conveyancing: 50 clauses.
   - **Slaughterhouses and Slaughter of Animals (Scotland)**
     - To modernise the Scottish law on the slaughter of animals: 10-15 clauses.

### S SECOND READING COMMITTEE BILLS - PRIORITY LIST

1. **Bills likely to be ready at the start of the Session**
   - **Education (Government of Colleges of Education)**
     - To implement Manifesto undertaking on changes in government of colleges of further education: short.
   - **Theft**
     - Overhaul of law on larceny by Criminal Law Revision Committee: about 30 clauses.
Bill

Law of Property (Amendment)

Changes in law on positive and negative covenants and easements; might include amendments to Landlord and Tenant Acts

Civil Aviation
(Miscellaneous Provisions)

Minor amendments to existing legislation

Other Bills for later introduction

Law Reforms (Miscellaneous Provisions) 1

Various uncontroversial recommendations from Law Commission and elsewhere

Redundant Churches

Government contribution towards the maintenance of redundant churches of historic or architectural interest

Fire Precautions

Revision of existing law: perhaps 40 clauses

Criminal Evidence

To implement recommendation of Criminal Law Revision Committee of criminal evidence

Juries

Reforms in the composition of juries: perhaps 50 clauses

Medical Act 1956 (Amendment)

To enable General Medical Council to levy an annual registration fee and for similar purposes

Registration Fees

To take power to increase fees for marriages, and for registration of births, marriages and deaths

Bank Notes

To amend the form of bank notes

P. PRIVATE MEMBERS BILLS

Registrars Courts (Maintenance Limits)

To fix maximum limits for maintenance

Adoption

To give effect to an International convention on adoption, and recognise adoption orders made abroad

British Nationality

A tidying up of the British Nationality Acts

Retail Trading (Sundays)

To implement Crathorne Committee's recommendations on Sunday trading

Approved Auditors

About the auditing of accounts of friendly societies etc.

Irish Soldiers and Sailors Land Trust

To extend the purposes for which this Trust may be used

Local Authorities (Bulk Purchasing Powers)

To give local authorities outside London the same powers as authorities in the London area to purchase goods on one another's behalf
Gypsies

Footpaths (Scotland)

To enable local authorities in Scotland to take over footpaths, not associated with roads, in housing developments where pedestrians are segregated from traffic.

Local Authorities (Expenditure on Special Purposes) (Scotland)

To remove the obligation to obtain the Secretary of State’s consent under section 339 of the Local Government (Scotland) Act 1947, to proposals by local authorities for special expenditure.

Slaughter of Animals (Scotland)

To give the Secretary of State power to extend by regulation the methods which may be used for slaughtering animals. Unnecessary if Government Bill Introduced.
**PROVISIONAL OUTLINE OF GOVERNMENT PROGRAMME FOR SESSIONS 1968**

**NOTES:**
1. These lists, with few exceptions, do not include Bills from the Essential to be suitable for the Second Reading Committee.
2. Bills underlined are alluded to in the 1966 Election Manifesto.

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<td>European Communities (Membership)</td>
<td>Pharmaceutical Industry</td>
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<td>British Iron and Steel Federation</td>
<td>Films (Short, to postpone</td>
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<td>Air Corporations (if not in 1967-68)</td>
<td>Industrial Design</td>
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<td>Merchant Shipping</td>
<td>Electricity Supply (Amendment)</td>
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<td>Ports Reorganisation</td>
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<td>Thermal Tunnel</td>
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<td>Highways (Amendment)</td>
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<td>Road Traffic</td>
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<td>Trade Unions and Employers Associations</td>
<td>Companies II</td>
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<td>Sale of Goods (Moloney)</td>
<td>Consumer Protection II</td>
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<td>Pesticides</td>
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<td>Fertilisers</td>
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<td>Salmon and Freshwater Fisheries (Scotland)</td>
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<td>Decimal Currency (possibly Second Reading Committee)</td>
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<td>Town and Country Planning (Scotland)</td>
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<td>British Museum Library Site</td>
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<td>National Insurance (Upward)</td>
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<td>Employment (Minimum Payments for Workers on Short Time or Laid Off)</td>
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<td>White Papers</td>
<td>Later Sessions</td>
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<td>Major Bill</td>
<td>Films</td>
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<td>Companies/Industrial Democracy</td>
<td>Factories Acts (Amendment)</td>
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<td>Consumer Protection</td>
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<td>Agricultural Marketing Policy</td>
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<td>Water Supply?</td>
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<td>Extractive Industries?</td>
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<td>Our Cultural Heritage</td>
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<td>Extractive Industries?</td>
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<td>Use of School Buildings for Amenity Purposes</td>
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<td>Housing</td>
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<td>The Urban Environment</td>
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<td>Householders Charter (estate agents, mortgages, building standards, etc.)</td>
<td>Transfer of Pension Rights</td>
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<td>Transfer of Pension Rights</td>
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<td>Year</td>
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<td>Health Services (Reorganisation) (Scotland)</td>
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<td>Social Services (Seebohn Committee)</td>
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<td>Smoking or Fluoridation?</td>
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<td>Children and Young Persons</td>
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<td>Petroleum Exploration (Safety)</td>
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<td>Genocide Administration of Justice</td>
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<td>Law Reform (Miscellaneous Provisions)</td>
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<td>Sheriff Courts (Reorganisation) (Scotland)</td>
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<td>Registration of Title (Scotland)</td>
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<td>Law Reform (Miscellaneous Provisions) (Scotland)</td>
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<td>Representation of the People</td>
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<td>Local Government Reorganisation (Wales)</td>
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<td>Law Reform (Miscellaneous Provisions)</td>
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<td>Law Reform (Miscellaneous Provisions) (Scotland)</td>
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<td>Administration of Justice (Assizes)</td>
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<tr>
<td>White Papers</td>
<td>Later Sessions</td>
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<tr>
<td>New Towns</td>
<td>Local Government Reorganisation New Towns (Ownership and Management)</td>
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</table>
CABINET

PUBLIC EXPENDITURE: CIVIL REVIEWS: HEALTH AND WELFARE

Memorandum by the Chancellor of the Exchequer

I attach for the information of my colleagues the civil review carried out by officials on health and welfare expenditure. This sets out in detail the various choices open to us, which are summarised in the relevant section of the official report "Public Expenditure: Areas of Choice" circulated as C(67) 102.

L. J. C.

Treasury Chambers, S.W.1.

15th June, 1967
## INTRODUCTION

### Basic Costs of Health and Welfare (England and Wales)

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<tbody>
<tr>
<td><strong>Hospitals</strong></td>
<td></td>
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<tr>
<td>Capital (1)</td>
<td>91.4</td>
<td>101.1</td>
<td>118.9</td>
<td>10.0</td>
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<tr>
<td>Current (1) and (2)</td>
<td>717.1</td>
<td>735.7</td>
<td>764.7</td>
<td>3.1</td>
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<tr>
<td><strong>Executive Council Services</strong></td>
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<tr>
<td>General Medical Services</td>
<td>115.4</td>
<td>117.4</td>
<td>123.8</td>
<td>2.3</td>
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<tr>
<td>Pharmaceutical Services</td>
<td>152.0</td>
<td>157.2</td>
<td>167.6</td>
<td>3.4</td>
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<td>Dental Services</td>
<td>less patients 60.7</td>
<td>51.6</td>
<td>64.1</td>
<td>1.9</td>
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<td>Ophthalmic Services</td>
<td>payments 12.5</td>
<td>12.6</td>
<td>13.2</td>
<td>1.9</td>
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<td><strong>Local Health and Welfare</strong></td>
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<tr>
<td>Capital</td>
<td>20.6</td>
<td>34.9</td>
<td>39.1</td>
<td>12.2</td>
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<tr>
<td>Current (3)</td>
<td>178.4</td>
<td>191.2</td>
<td>213.4</td>
<td>7.7</td>
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<td>Other Central Government</td>
<td>Services and Welfare Foods</td>
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<td>56.0</td>
<td>57.6</td>
<td>59.3</td>
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<td>35.1</td>
<td>35.5</td>
<td>37.0</td>
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<td><strong>Total</strong></td>
<td>1447.2</td>
<td>1504.8</td>
<td>1627.1</td>
<td>4.2</td>
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### Notes

1. Including Advances to hospital authorities
   - capital 85.2 94.3 112.3
   - current 712.5 731.2 779.5

2. Approx. 70% Salaries and wages of which:
   - RHB, AGs, OCGs 499.7 511.8 540.7
   - Nursing 76.0 77.8 82.2
   - Medical 189.5 194.2 205.2
   - Other 234.1 239.8 253.3

3. Approx. 70% Salaries and wages
<table>
<thead>
<tr>
<th>Services (RHB, BG, HMCs)</th>
<th>(a) 1967/68</th>
<th>Average Cost per person</th>
<th>(b) 1970/71</th>
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</thead>
<tbody>
<tr>
<td>Medical and Dental</td>
<td>20,200</td>
<td>£3,760</td>
<td>22,000</td>
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<tr>
<td>Nursing</td>
<td>241,000</td>
<td>£7 865</td>
<td>274,300</td>
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<tr>
<td>Administrative and Technical</td>
<td>76,000</td>
<td>£1,060</td>
<td>87,900</td>
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<td>Ancillary</td>
<td>201,100</td>
<td>£7 865</td>
<td>209,300</td>
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**Local Health**

| General Medical Practitioners | 20,800 | £5,165 | 21,200 |
| General Dental Practitioners | 10,400 | £4,925 | 10,600 |
| Others (administrative etc.)  | 7,700  | £8 860 | 8,200  |

**Local Welfare**

| Qualified and Unqualified | 42,000 | £7 775 | 52,100 |

**Note**

- Figures under column (a) are as supplied for 30th September, 1967.
- Figures under column (b) relate to 1st April, 1971.
- Covers the administrative and clerical, and professional and technical classes.
- Gross, including practice expenses.

The relative importance of public expenditure on Health and Welfare can be shown (Great Britain):

<table>
<thead>
<tr>
<th>Year</th>
<th>% of G.N.P.</th>
<th>% of total public expenditure</th>
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<tbody>
<tr>
<td>1966/67</td>
<td>4.1</td>
<td>11.6</td>
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<tr>
<td>1965/66</td>
<td>4.4</td>
<td>11.8</td>
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<tr>
<td>1966/67</td>
<td>4.6</td>
<td>11.9</td>
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</table>

-7½% and +5% **EXERCISE (ENGLAND AND WALES)**

For the purposes of this exercise -7½% in 1970/71 = £122m,

and +5% in 1970/71 = £81.2m. There follows a summary of the - and + possibilities remaining.

**-½ SUMMARY**

Reductions

£122m

1970/71

Hospital capital

Deferred or starts of hospital projects announced in the Hospital Building Programme

27
Hospital revenue

Reduction in expenditure by hospitals; the planned expenditure takes account of population increases, new advances in medicine, running costs of new hospitals and backlog of deferred maintenance in existing hospitals 10

Local Health and Welfare - capital

Cutting back of plans for homes for the elderly, hostels and centres for the mentally disordered, and homes for the younger physically disordered, etc. 6

Local Health and Welfare - revenue

General reduction in planned level of staffing of the domiciliary services and curtailment of proposals for family planning services and promotion of the welfare of the elderly 6

General Medical and Pharmaceutical Services

Deterrent effect on the services, if medical consultation charges or charges for drugs were introduced 15

General Dental Services

Abandonment of the service, except for children, expectant mothers, etc. 38

Supplementary Ophthalmic Services

Abandonment of the service, except for children. 10

Welfare Milk

Abandonment of the service, except for larger families Total 35

Summary

<table>
<thead>
<tr>
<th>Total Increase £m</th>
<th>1970/71</th>
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<tr>
<td>Hospital capital</td>
<td>27</td>
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<tr>
<td>Hospital revenue</td>
<td>21</td>
</tr>
<tr>
<td>Local Health and Welfare - Capital</td>
<td>8</td>
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</tbody>
</table>
Local Health and Welfare - Revenue

Acceleration of services, especially welfare for the elderly living at home, and more rapid build up of family planning services

Transport for the Disabled

Extended programme for provision of cars instead of tricycles for priority groups of the disabled

Hearing Aids

Start of programme to provide modern head-worn hearing aids

Spectacle Frames

Provision of a wider choice of frames

Research and Development

Expanded programme of testing and applying automation in hospitals, computer trials, and medical supplies and equipment research and development

Training

Accelerated programme of further training, including training of managers and work study experts, to make the best use of available manpower

The figures set out above are in respect of 1970/71. For the intervening years and for 1971/72 the figures for the items contained in Sections III and IV of the paper do not present unusual features; account is taken of the time needed for the passage of legislation where this would be required.

Note - £2.1m. has been held back since the PESC Forecast is greater than the Revalued 1966 Survey by that amount.
7. Needs. It is estimated that about 30 per cent of the existing 4,720,000 hospital beds are over 100 years old and that 60 per cent date from the last century. The average age of a hospital bed today is about 70 years. Thus a considerable part of present hospital accommodation is acknowledged, medically and administratively as inadequate for the practice of modern medicine.

8. The current programme. The ten year Hospital Plan envisages the capital expenditure of some £1000m. between 1966 and 1975. About a fifth of this is required to keep pace with the increase and shift in population. The remainder will mainly be needed to replace or improve existing hospitals. Because capital expenditure between 1936 and about 1955 was minimal and the backlog of obsolescence so great, this programme will just about prevent the average of hospital beds from increasing, but will not suffice to reduce it.

9. The present planning figures for capital expenditure on N.H.S. hospitals are as follows:

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<thead>
<tr>
<th>Year</th>
<th>£m.</th>
<th>£m.</th>
<th>£m.</th>
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<tr>
<td>1967/68</td>
<td>85.2</td>
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<td>1968/69</td>
<td>94.3</td>
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<td>1969/70</td>
<td>103.3</td>
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<td>1970/71</td>
<td>112.3</td>
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</tbody>
</table>

10. Over the period 1967/68 to 1970/71, the current programme should enable some 200 major schemes to be started to a total value somewhat greater than £350m.; in addition, some £100m. would be spent on minor schemes.

11. There is no easy or convenient way (comparable, for example, with "school places") of expressing the product of this investment. The cost of a hospital bed with all its supporting services varies substantially according to the type of hospital. The average cost of a district general hospital bed is £6000 - £9000, with, for example, mental illness
hospitals, which are relatively simple in their requirements, costing less, and complex teaching hospitals costing substantially more than this figure. The average cost of a bed in all hospitals is some £10,000. The limited capital resources available have to be spread widely between a large number of competing hospitals. Consequently, although an average £10,000 might buy one fully supported hospital bed, in practice the constituent supporting services often have to be provided in stages and not necessarily at the same hospital. One hospital might add or replace the ward unit itself, another the operating theatres or the diagnostic departments, and yet another the staff residences, catering, laundry, etc. As a very rough guide, accepting that the average cost per bed of £10,000 will be disbursed in this way, and allowing for the inescapable replacement of short lived plant and equipment and for patching up buildings awaiting replacement, the expenditure of some £450 m. notional (paragraph 10 above) might yield a equivalent of 35,000/40,000 beds with their supporting facilities. Most of these would be replacing existing accommodation rather than adding to the total of beds in use.

12. Value for money. Every effort is being made to make available resources go as far as possible and to obtain the maximum value for money. The system of cost allowances for the major elements in any hospital project (covering roughly two/thirds of the cost of each project) has been held steady without any increase since April, 1963. Under the new hospital procedures attention is now being directed to the cost of elements not covered by these allowances (e.g. communications - including lifts; environmental engineering services, such as air conditioning; high rise buildings; abnormal foundations; external works (roads, landscaping, etc.)). In addition, as part of the Department's own development programme, two utility district general hospitals using the maximum of standardised components are being designed and built which aim at cost of getting reductions/ up to £3,000 a bed without unacceptable reductions in standards of medical care. But these projects will not mature in time to produce general reductions in cost in the period under review.

13. Reductions. The immediate and long-term need for investment in the hospital service is such that as a matter of priorities the Health Departments would depurate any part of the reduction falling on the hospital building programme, but within the terms of the Review capital expenditure is in effect the only area in which there is any significant room for manoeuvre without abandonment of entire services. Thus, the range of reductions considered below, (from 9% in
Alternative A, through 16% in Alternative B to 23% in Alternative C) are substantially greater than the target figure of 7½ per cent.

14. Because the programme consists, to a large extent, of schemes which take up to five years to complete, the bulk of expenditure in any one year is on schemes in progress and this, for practical purposes, is not amenable to adjustment. The manipulation of expenditure in any one year can only be by adjusting the starts of new schemes, and expenditure on these does not reach its maximum rate until the second or subsequent years. If any significant change is to be made in the level of expenditure in a particular year, action must therefore be started two or three years in advance, and the total effect is much greater than in the single year. The effects, and further action to control the outturn of expenditure, will spill over into the following years.

15. There are a number of ways in which the reductions in capital expenditure in 1970/71 could be made, but the examples chosen for illustration in the attached table are those which disturb as little as possible the building programme, avoid upsetting clinical priorities and minimise abortive expenditure except in so far as some additional patching up expenditure would be called for on buildings at present scheduled for replacement.

\[\text{see attached Table}\]

16. The effect of these reductions on the present planning figures shown in paragraph 7 is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning figures</td>
<td>£85.2</td>
<td>£94.3</td>
<td>£103.3</td>
<td>£112.3</td>
</tr>
<tr>
<td>Reductions (range)</td>
<td>-</td>
<td>3-0</td>
<td>12-5</td>
<td>27-10</td>
</tr>
<tr>
<td>Reduced level (range)</td>
<td>£85.2</td>
<td>£94.3</td>
<td>£91-98</td>
<td>£85-102</td>
</tr>
</tbody>
</table>

17. It would not be possible to defer any patching up or plant replacement schemes. Reductions in the size of the main programme would thus be almost entirely at the expense of major schemes providing new beds (either additional or replacement). It is estimated that the effect on the notional 35 - 40,000 beds to be started under the current programme in the four year period, 1967/68 - 1970/71 (paragraph 11) would be as follows:
<table>
<thead>
<tr>
<th></th>
<th>Alternative A</th>
<th>Alternative B</th>
<th>Alternative C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start deferred beyond 1970/71</td>
<td>1,500</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Start deferred by one year within four-year period up to 1970/71</td>
<td>1,500</td>
<td>5,000</td>
<td>14,000</td>
</tr>
<tr>
<td>Total</td>
<td>3,000</td>
<td>9,000</td>
<td>18,000</td>
</tr>
</tbody>
</table>

10. While the schemes which would be deferred have not been identified, the effect of deferment on the start of individual hospital projects can be illustrated. Some projects are of such high priority that they would not be deferred even under Alternative C (e.g. Nottingham Teaching Hospital). But under Alternatives C or B it would not be possible to avoid deferring a large number of schemes of great local importance and concern such as St. Thomas' Hospital, district general hospitals at Chester, Wolverhampton, Stockton-on-Tees, Yeovil, Basingstoke, Kettering, Rhyl, etc., as well as hospitals for the mentally subnormal, and numerous smaller schemes, e.g. maternity and geriatric units, of great importance locally. Under Alternative A the effect would be more on the minor schemes than on the major, named, schemes. Precise starting dates for schemes have not been announced, but Hospital Boards have been given expenditure figures for planning purposes up to (and more tentatively beyond) the P.E.S.C. period and in some cases deferrals would be publicly obvious where they represented departures from the published Hospital Plan (which announced 'schemes which it is hoped to start' up to 1969/70).
## Reduction in Expenditure in 1970/71

<table>
<thead>
<tr>
<th>Sum Proposed £m.</th>
<th>Minor Scheme Element £m.</th>
<th>Major Scheme Element £m.</th>
<th>Number Deferred</th>
<th>Total Cost £m.</th>
<th>Currently Planned to State</th>
<th>Deferment Period</th>
<th>1968/69</th>
<th>1969/70</th>
<th>1970/71</th>
<th>1971/72</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative A</td>
<td>10 (=-9%)</td>
<td>7</td>
<td>3</td>
<td>10</td>
<td>15</td>
<td>1969-70</td>
<td>1 year</td>
<td>-</td>
<td>5</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10</td>
<td>15</td>
<td>1970-71</td>
<td>1 year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative B</td>
<td>19 (=-16%)</td>
<td>7</td>
<td>8</td>
<td>30</td>
<td>50</td>
<td>1969-70</td>
<td>1 year</td>
<td>1</td>
<td>7</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25</td>
<td>40</td>
<td>1970-71</td>
<td>1 year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>50</td>
<td>90</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative C</td>
<td>27 (=-23%)</td>
<td>7</td>
<td>20</td>
<td>20</td>
<td>90</td>
<td>1968-69</td>
<td>1 year</td>
<td>3</td>
<td>12</td>
<td>27</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30</td>
<td>50</td>
<td>1969-70</td>
<td>1 year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25</td>
<td>40</td>
<td>1970-71</td>
<td>1 year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>75</td>
<td>180</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Revenue (£10m. saving)

19. Revenue expenditure on N.H.S. hospital services provided by Regional Hospital Boards and Boards of Governors is by far the largest single element in the block, amounting to around one-half of the total of £447m. in 1967/68. The present forecasts are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecasts</td>
<td>712.5</td>
<td>731.2</td>
<td>753.1</td>
<td>779.5</td>
<td>807.7</td>
</tr>
<tr>
<td>(Percentage rate of growth)</td>
<td>(2½%)</td>
<td>(2½%)</td>
<td>(3%)</td>
<td>(3½%)</td>
<td>(3½%)</td>
</tr>
</tbody>
</table>

The present annual rate of growth is thus about £19m., of which nearly two-thirds, about £12m. in 1967/68, is to meet the revenue consequences of capital schemes now coming into commission. The latter element, although it is largely inescapable once the capital schemes have been set in hand, also represents a real improvement in the standard of care that can be provided in new buildings. The remainder is available for all other non-capital developments. In 1970/71, a similar proportion, or nearly £17m., would be absorbed by the revenue consequences of presently planned all capital schemes, leaving £10m. for other developments.

20. Considerable efforts have been made to improve the "productivity" of existing facilities. For example, in the ten years to 1965, the number of pathology units handled per technician has risen by 76%, and the number of units per head of population by 122%. Over the same period the average length of stay has been reduced (without increase in the number of beds) by 40% in medical departments and 20% in surgical departments. There has been an increase in the total number of "discharges and deaths" - i.e. in-patient cases treated - from about 3.6m. to 4.6m. or by about 32% in a period when the total population has risen by about 7%.

While expenditure per patient week has been increasing with more intensive care, the average cost of treating a patient in an acute non-teaching hospital has fallen by just over 5% in real terms between 1957/58 and 1965/66. Very broadly, therefore, it could be said that the increase in productivity has kept pace with the increase in population, so that the increase in total expenditure in real terms year by year has represented a real improvement in the amount of medical care provided. This has not resulted in any reduction in hospital waiting lists, which stand at present around 500,000 and are tending to rise. Waiting lists are however not a reliable
reliable expression of the value being obtained from the service because of the
"iceberg" effect; as soon as one layer of medical needs has been dealt with
another layer comes into view.

2. The breakdown of the 1967/68 level of expenditure into its main heads is as follows:

<table>
<thead>
<tr>
<th>Head</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>500</td>
</tr>
<tr>
<td>Provisions and Clothing</td>
<td>54</td>
</tr>
<tr>
<td>Drugs, Dressings &amp; Appliances</td>
<td>53</td>
</tr>
<tr>
<td>Fuel, light, etc.</td>
<td>37</td>
</tr>
<tr>
<td>Maintenance &amp; Repairs</td>
<td>29</td>
</tr>
<tr>
<td>Other</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>713</strong></td>
</tr>
</tbody>
</table>

The lion's share is taken by expenditure on staff. A considerable number of studies
are at present in progress to examine the possibility of economising in manpower,
particularly on the nursing side. On present forecasts, manpower is however
expected to rise from a total of 538,300, including 241,000 nurses, in 1967/68
to 593,500 including 274,300 nurses by 1st April, 1971.

The effects of a 2% reduction of £10m. in 1970/71 can be illustrated in a number of ways, e.g.:

(a) in the crudest form, as the average cost of treating an in-patient
    in an acute hospital is just over £70, it could be regarded as the
cost of treating 140,000 patients;

(b) it could be regarded as the cost of some 12,740 nurses, or 38% of the
    forecast increase between now and 1st April, 1971;

(c) it could mean a reduction of $ in the present level of expenditure on
    maintenance, repairs and renewals - which has not yet overtaken
    the backlog of such work estimated at £13m. in 1964/65.

3. Alternatively, it can be considered as a reduction in the real increase in
expenditure available for the development of the service. To affect a
reduction of £10m. in 1970/71 would require the percentage rate of increase to be
cut back to an average of just over 2.6% - rather below the 1967/68 growth rate -
for the next three years. The reductions in capital expenditure described in the
previous section would produce some consequential reductions in the extra current
cost they would generate but much of this would mature outside the period under
review. Even assuming the highest rate of reduction of capital expenditure of
in 1970/71 (alternative A), the result would be that the approximate 1% liable in 1967/68 for developments other than the additional running costs of schemes would be reduced to about ½% in 1970/71; and to a slightly lower percentage on alternatives B or C. This is not sufficient to allow the total volume of service to rise at as high a rate as the forecast increase/in total population, though it might be able to do so with further increases in productivity. But a higher rate of increase is needed to keep pace with population changes; for example, the numbers of the elderly and the very young, which make a significant contribution to the case load of hospitals, are rising more rapidly than the population as a whole. There would therefore be little if any room for the gradual qualitative increase in a standard of service provided by hospitals which has so far absorbed a part of the total increase for developments, and maintenance of buildings and equipment would be one of the first heads of expenditure to be reduced. It would be difficult - on medical and political grounds - to impose a freeze on any new developments of medical treatment which emerged up to 1970/71; and to make room for them, it would be necessary to curtail other parts of the service, resulting in further cuts of maintenance, lowering of feeding standards or actual reductions in the level of existing services. Two such recent developments are haemodialysis in cases of renal failure and cervical cytology screening, the total cost of which, if extended for all those who on present information might benefit from them, could lead to a total annual expenditure of the order of £10m. and £22m. respectively, thus requiring substantial increases in expenditure over the next few years if they are to be fully developed. Further possibilities are already appearing, for example, cardiac surgery for the very young and the prevention of haemolytic disease in the newborn; others may well appear in the next few years.

The reductions for other years have been calculated on the basis of a constant growth rate throughout the period, adjusted to make some allowance for revenue savings resulting from the deferment of capital schemes. The path of expenditure would thus be modified as follows:

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Basic&quot;</td>
<td>712.5</td>
<td>731.2</td>
<td>753.1</td>
<td>779.5</td>
<td>807.7</td>
</tr>
<tr>
<td>Percentage increase p.a.</td>
<td>22%</td>
<td>22%</td>
<td>3%</td>
<td>3½%</td>
<td>3½%</td>
</tr>
<tr>
<td>Revenue savings</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Revised level</td>
<td>712.5</td>
<td>731.2</td>
<td>750.1</td>
<td>769.5</td>
<td>791.7</td>
</tr>
<tr>
<td>Percentage increase p.a.</td>
<td>22%</td>
<td>2%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2%</td>
</tr>
</tbody>
</table>
25. If a saving of £10m. were to be achieved in 1970/71, only minor variations of this revised progression are practicable. To maintain the present progression up to 1969/70 and to limit the cut to £10m. in 1970/71 alone would leave £16.4m. available in that year for all developments, of which rather over £14m. would be required for the revenue cost of capital schemes maturing in the year, even allowing for a reduction in capital expenditure reaching £27m. in 1970/71. The remaining £2m. would be insufficient to allow for the additional cost in a full year of developments taking place in 1969/70, other small improvements in medical and diagnostic procedures and techniques, and the increased cost of staff pay increments, and would make no provision at all for increases in the level of service to match population increases or for the new medical developments. A very severe blow would be dealt to the programmes of training which are being developed at all levels and which need urgently to be accelerated (see Section IV, para. 99).
26. In 1967/68 the allocation of local authority capital expenditure on Health and Welfare Services is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Centres</td>
<td>1.1</td>
</tr>
<tr>
<td>Centres and Hostels for the mentally disordered</td>
<td>5.2</td>
</tr>
<tr>
<td>Centres for the younger physically handicapped and the elderly</td>
<td>1.1</td>
</tr>
<tr>
<td>Homes for the younger physically handicapped</td>
<td>0.4</td>
</tr>
<tr>
<td>Homes for the elderly</td>
<td>11.6</td>
</tr>
<tr>
<td>Other services e.g. ambulance stations, maternity and child welfare clinics</td>
<td>3.8</td>
</tr>
<tr>
<td>Capital expenditure met from L.A. revenue funds and not subject to central loan sanction</td>
<td>5.4</td>
</tr>
</tbody>
</table>

| Total | 22.8 |

27. The total reflects a reduction of nearly £3 million in the expenditure planned for 1967/68 before the cuts announced in July, 1965. This follows a cut of nearly £7 million in the expenditure planned for 1966/67 as a consequence of the six months deferment of certain projects decided by the Government in July, 1965. Thus over those two years nearly £10 million of planned capital investment in local authority health and welfare services has already been foregone, about 16% of the investment originally planned for these years.

28. The total "basic" Forecast for 1970/71 is £39.1m, of which about £33 million would be controlled by loan sanctions to be issued in 1969/70 (the remainder being capital met from revenue). Precise forecasts for individual services are not available since final allocations are decided from year to year within the framework of the 10-year forward plans which are regularly submitted by local authorities. These plans are not always realistic in the short-term but over a period of years they provide a broad indication.
indication of the level of provision which the local authorities think reasonable to meet the unmet needs in their localities. Paragraphs 29 - 33 below indicate what might be provided within the present P.E.S.C. basic forecast and - where possible - the comparison with what the local authorities have said they would like to do by 1971 in their most recent ten-year plan.

29. **Health Centres** These provide premises for general practice and clinic facilities for local authority health services associated with them. They constitute an important factor in the efficient organisation of general practice and associated local authority staff, and present policy is to give them overall priority. 34 centres exist today and 230 are envisaged by 1971 in the 10-year plans. But recent evidence indicates that proposals are likely to come forward for substantially more centres than this. It costs on average about £40,000 to build a health centre, and at the present basic forecast rate of expenditure 215 more might be completed by 1971 with a further 70 under construction.

Before the Mental Health Act, 1959,

30. **Centres and hostels for mentally disordered** / local authority services for the mentally disordered were very limited in scope and they have still a very long way to go. Capital expenditure of about £250 is required for each new place in a centre and £2,500 in a hostel. At the present basic forecast rate of expenditure the number of places in training centres for children would rise from 22,500 at present to 28,300 by 1971, in centres for adults from 19,500 to 31,000, and in hostels from 4,500 to 7,300. This would allow places per thousand of the population to rise by 1971 from 0.47 to 0.57 for children's centres, 0.41 to 0.61 for adult centres and 0.09 to 0.15 for hostels. It is not yet possible to say what ratios are required to meet the full need which continues to grow as for example new techniques in training the mentally sub-normal develop.

In their ten-year plans local authorities have made their own interim assessments but few authorities expect to satisfy the need as they now see it before 1976, except in relation to training centres for children...
where the 23,800 places in 1971 provided for in the basic forecast is very close to the total need as assessed by local authorities, (though many existing places which are not really satisfactory, e.g. in church halls, would not have been replaced). By 1975 local authorities plan a total of 37,400 places in centres for adults, a ratio of 0.71 per thousand population and 16,500 in hostels, a ratio of 0.32 per thousand. But it is apparent that the real need is substantially greater since within these totals some authorities plan no provision at all under one or the other head, a substantial number plan less than the current national average ratio and the great majority plan less than the current provision of the more forward looking authorities. In the basic forecast the Ministry have given some priority to expenditure on these services in order to promote care of the mentally disordered in the community and thus to avoid unnecessary hospital care at greater cost. But they consider that even if the pace of development in the basic forecast were maintained throughout the 1970's adequate levels of provision would be unlikely to have been achieved before 1980.

31. Centres for the younger physically handicapped and the elderly. The number of centres now is 1540 and the present basic forecast rates of expenditure would permit of an increase of 120 to a total of 1660 by 1971 at a cost of about £35,000 per centre. This is substantially less than local authority forecasts for 1971 - about 1910 centres or 1 centre per 26,500 of the population - and would certainly leave a considerable unmet demand in many areas. The indications from reports by the Ministry's professional staff are that even where provision is made at significantly higher ratios than 1 to 26,500 needs are not yet fully met.

32. Homes for the younger physically handicapped. There are at present some 80 homes with 7,200 places, and present forecast expenditure would provide by 1971 a further 20 homes with 700 places at a cost of £3,000 per place. Assuming no replacement building, this would raise the number of places per 1000 of the population aged between 16 and 64 from 0.23 only to 0.24, an increase which is well below local authority plan levels and which would leave unmet need.
33. Homes for the elderly. These at present absorb about half of the total of loan sanctions available. Three main factors are involved - an existing shortage of accommodation, the annually increasing number of the elderly in the population, and the urgent need to replace outworn and wholly unsuitable ex-Public Assistance Institutions with some 25,000 places. The present number of places is about 92,000 or 16 per 1000 population over 65. The local authority plans would provide an average of 20 places per thousand elderly by 1971 and the Ministry consider this a reasonable minimum ratio. This would call for 150,000 places by 1971, an increase of 58,000 places. The local authorities also propose replacement of at least half of the obsolete buildings by 1971, say 12,000 places giving a total requirement of 50,000 places. The basic forecast rate of expenditure, at a cost of £2,500 per place, would provide only 23,000 places by 1971 and allowing for only one-third of these places as replacements, the total number of places in 1971 would be 107,000, a ratio of only about 16.8 places per thousand population over 65.

34. Local authority health and welfare capital expenditure is at present planned to increase by £2.1m a year to a total of £39.1m in 1970/71 (and £41.2m. in 1971/72) or an increase of 6% declining slightly in the later years. A cut of £6m in 1970/71 (operated through curtailment of loan sanctions in 1969/70) would bring the investment level for 1970/71 down to £1.8m below the level currently planned for 1968/69 (in respect of which lists of provisional approvals for loan sanctions during the current year 1967/68 have already been issued). It would be equivalent to cancelling about 15% of the planned programme for that year.

35. It is not possible to say precisely how a cut of £6m would be distributed between services; it would pose difficult questions and would depend on priorities at the time. If it were spread proportionately across the field it would mean some 1050 fewer new places in centres and hostels for the mentally disordered (300 in children’s centres, 600 in adult centres, 150 hostel places); 1200 fewer places in homes for the elderly; and 100 fewer places in homes for the younger physically handicapped. In practice proportionate reductions on the smaller heads of expenditure may be unduly difficult and if as well the present priority for health centres were maintained so that instead of a reduction in planned expenditure it was permitted to rise with the expected growth in demand, the £6m cut would be likely to fall more than proportionately.
proportionately on homes for the elderly - up to, say, 1600 places foregone. It is unlikely that the reduction in new places for the mentally disordered could be less than the 1050 quoted above. Both these heads react on hospital provision since both forms of expenditure provide facilities calculated to reduce demand for hospital beds which are substantially more expensive to service.

36. As capital projects in this field generally take only about a year to complete and there are no binding forward commitments a cut of £6m in 1970/71 would not necessarily have implications for policy after that year. It would be possible as an alternative to spread the £6m cut over several years, e.g. to make cuts of £1m, £2m and £3m in 1968/69, 1969/70 and 1970/71 (or 1969/70, 1970/71 and 1971/72) respectively, leaving a reduced growth rate of about £1m a year or 3\% declining. The end effect in loss of services would be just the same. It is also technically possible to make the total cut shallower (less than £6 million) or much deeper, e.g. progressive cuts of £2m, £4m, £6m and £8m over the years 1960/61 to 1970/71 inclusive - a total cut of £20m - which would mean virtually no growth in capital expenditure over the whole period. In the latter case the resulting deficiencies in the service would be very severe since the effects would increase in direct proportion - on a £20m total, a reduction of e.g. some 5000 new places in old people's homes and some 4000 places in centres and hostels for the mentally disordered.

37. (b) Revenue (£6m saving)

Local authority revenue expenditure on health and welfare services is broadly as follows:-

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home nursing</td>
<td>30</td>
</tr>
<tr>
<td>Home helps</td>
<td>16</td>
</tr>
<tr>
<td>Care of mothers and young children</td>
<td>14</td>
</tr>
<tr>
<td>Prevention of illness, care and aftercare</td>
<td>5</td>
</tr>
<tr>
<td>Mental health</td>
<td>16</td>
</tr>
<tr>
<td>Ambulances</td>
<td>24</td>
</tr>
<tr>
<td>Other health services</td>
<td>2</td>
</tr>
<tr>
<td>Homes for the elderly</td>
<td>39</td>
</tr>
<tr>
<td>Welfare Services for the handicapped</td>
<td>7</td>
</tr>
<tr>
<td>Administration etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>162</strong></td>
</tr>
</tbody>
</table>
38. The effect of reducing the planned rate of increase in 1970/71 by £6m and phasing it in 1969/70 (the earliest possible year since the R.S.G. settlement for 1968/9 has already been concluded) would be:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Basic £m</td>
<td>178.4</td>
<td>191.2</td>
<td>204.8</td>
<td>219.4</td>
</tr>
<tr>
<td>% Increase p.a.</td>
<td>7.2</td>
<td>7.1</td>
<td>7.1</td>
<td></td>
</tr>
<tr>
<td>Reduction £m</td>
<td>2.9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised level £m</td>
<td>178.4</td>
<td>191.2</td>
<td>201.9</td>
<td>213.4</td>
</tr>
<tr>
<td>% Increase p.a.</td>
<td>7.2</td>
<td>5.6</td>
<td>5.6</td>
<td></td>
</tr>
</tbody>
</table>

39. There is no way whereby the Department could ensure that a particular reduced rate of increase would be applied to current expenditure on local health and welfare services; even if there were it is difficult to forecast how a reduction of this kind would be applied - different local authorities would hold back under different heads.

40. If capital were cut by £6m in 1970-1 this itself would permit revenue savings rising to about £1m by 1971/72 (about half of this being servicing of the capital loans), but on the assumption that the revenue reduction of £6m would be carried through to 1971/72 also as part of a Government decision to lower the rate of support to local authorities generally, the main impact might be expected to fall on the staffing of the domiciliary services - home nurses, health visitors, home helps, social workers for the handicapped and the elderly - all of which are under great pressure in many areas and likely to remain so under presently planned revenue allocations. One would expect that the reduction would show itself in lower levels of recruitment of this staff; possibly in postponement of bringing some capital equipment (such as old people's homes) into use; limited use of the proposed new powers to be conferred on local authorities such as family planning and the promotion of the welfare of the elderly; and an unwillingness to undertake the proper training of ambulance staff and of the staff of residential homes.
41. It is not possible to quantify this effect at all closely as between the various services. But net revenue expenditure expressed per unit of staff is about £1,250 for both health and welfare services; the overall average direct salary cost is about £870. A reduction of £6m in revenue expenditure would therefore probably represent a reduction of some 5000-6000 staff and their associated services from the planned increase of about 33,000 (1967/68 to 1971/72).

42. It would be possible to aim at across-the-board reductions of greater or lesser severity in local authority revenue expenditure over the whole range of their services and thus probably to produce more or less than a £6m effect on local health and welfare services. But a deeper cut than £6m would probably require a change in the statutory machinery of central government support for local authority expenditure.
The basic forecast cost of the family doctor service, and the number of doctors, is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost (£m)</th>
<th>No. of g.p.s.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967/68</td>
<td>115.4</td>
<td>20,800</td>
</tr>
<tr>
<td>1968/69</td>
<td>117.4</td>
<td>20,880</td>
</tr>
<tr>
<td>1969/70</td>
<td>120.4</td>
<td>20,995</td>
</tr>
<tr>
<td>1970/71</td>
<td>123.8</td>
<td>21,140</td>
</tr>
<tr>
<td>1971/72</td>
<td>126.5</td>
<td>21,300</td>
</tr>
</tbody>
</table>

The family doctor service has been free to all persons since the N.H.S. began. The cost averages about 50/- per head of the population, but the benefit to individual members and particular categories of the population can of course be much higher than this (regular attendance in chronic illness could cost the patient hundreds of pounds if the N.H.S. service were not available). There is little data on numbers of consultations but the overall average per head of the population is probably about five; for children under 16 it is probably near this average whereas for those over 65 it is probably about seven.

As a theoretical possibility the free service could be withdrawn entirely; but in practice arrangements would then have to be made for providing or paying for the treatment of at least the indigent and perhaps also such categories as the elderly, children, maternity patients, and emergencies, and this would leave a residual cost of probably well over half the present bill. Legislation would be needed and a radical change in the whole concept of the N.H.S. involved.

It would not be practicable to separate off part of the general medical service for continued free provision, e.g. for treating serious as opposed to more trivial complaints. Impracticable distinctions in kind and in degree would be involved and in any case the family doctor is the patient's normal first point of contact and the seriousness of the complaint could not be assessed until after the consultation had taken place.

What could be done is to impose a charge on users of the service. The simplest method would be a charge per consultation. Such a charge would also have to be applied to hospital outpatients. There would almost certainly have to be some exemptions or arrangements for repayment. Classes to be considered for exemption.
ight be retirement pensioners (15% of the population), expectant and nursing mothers (2%), children under 16 (25%), and perhaps the chronic sick (2% - 3%).

The yield from such a charge is outside the scope of this paper, but there would be some consequential reduction in gross public expenditure, and this is illustrated in the table in paragraph 9 below. The arguments against a charge are that it would be a deterrent to seeking medical advice and treatment and an encouragement to self-medication. There would have to be machinery for checking the collection of charges by the doctors, which they would probably strongly resent. On the other hand, the argument in favour of a charge is that it might deter some unnecessary use of the service and reduce the doctors' workload which has been one of the causes of the recent difficulties with the general practitioners.

Pharmaceutical Services

1. All drugs prescribed by doctors are provided free to patients. The basic forecast is given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost (£m)</th>
<th>No. of prescriptions</th>
<th>Average cost (1967 Survey Prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967/68</td>
<td>152.0</td>
<td>260m</td>
<td>11/1d</td>
</tr>
<tr>
<td>1968/69</td>
<td>157.2</td>
<td>264m</td>
<td>11/3/1d</td>
</tr>
<tr>
<td>1969/70</td>
<td>162.4</td>
<td>268m</td>
<td>11/6d</td>
</tr>
<tr>
<td>1970/71</td>
<td>167.5</td>
<td>272m</td>
<td>11/2/1d</td>
</tr>
<tr>
<td>1971/72</td>
<td>173.0</td>
<td>276m</td>
<td>11/11d</td>
</tr>
</tbody>
</table>

The average cost per head of the population is about £3. If patients had to pay the full cost of their drugs under private arrangements, however, a great burden - running in extreme cases to hundreds of pounds - might be imposed on the seriously ill at the time of greatest need.

3. Three possibilities are:

(a) Abolition of the service (after legislation) would, as for the family doctor services, need to be accompanied by exceptions for hardship and probably for special categories such as the elderly, the young, etc. The resulting saving might be of the order of £80m.
To limit free provision to a list of "life-saving" drugs. For example, expenditure on simple analgesics and antacids alone amounts at present to some £5m - and it is arguable that expenditure of this kind could reasonably be borne by all except the indigent. There is however, a risk that any saving would be reduced by doctors prescribing costly drugs (on the "free" list) unnecessarily in order to save expense to their patients.

To limit the prescribing of doctors to a list based on the standard works of reference - excluding proprietary products regarded as clinically of doubtful value or for which a cheaper unbranded standard formulation would be a clinically acceptable substitute. A system of this kind is operated in New Zealand and in a number of European countries - including the Netherlands, Belgium, Norway and West Germany - but general experience seems to be that cost per head is not noticeably lower. Direct comparisons are very difficult but an I.L.O. study published in 1959 suggested that European expenditures expressed as a proportion of income per head were greater than in this country and on a direct comparison in 1963/64 New Zealand costs per head were higher than in this country. The saving if it were introduced here is therefore very speculative; it might conceivably come up to, say, £10m.

The course at (a) above would be very radical. Those at (b) and (c) would provoke strong opposition from the doctors as a limitation on their clinical freedom and their ability to prescribe under the Service what they believe to be best for their patients.

A quite different possibility is the re-introduction of a prescription charge. This would seem the most practicable alternative if quick action is required, since it would require regulations but not fresh legislation. As with the consultation charge, the yield is outside the direct scope of this paper but there would be a saving in gross public expenditure from the deterrent effect depending on the level of charge.
of charge and the choice of exempt categories. If the latter covered all the groups noted earlier, i.e. old, young, maternity and chronic sick, about 50 per cent would be exempted. Machinery for such wide scale exemptions which provided reasonable safeguards against abuse would be difficult to devise; and a system of refunds, though minimising abuse, would be cumbersome and costly of staff.

Possible Savings (say, £15m)

52. There is a considerable range of choice. The table below indicates the possible savings in gross public expenditure from various possibilities. For the purpose of the summary, the yield has been ignored, and a midway figure of £15m has been shown as the reduction in gross expenditure from 1970/71 (because of the need for legislation for the consultation charge: the prescription charge could be done sooner).

<table>
<thead>
<tr>
<th>Exemptions for:</th>
<th>Supplementary Benefit Recipients only</th>
<th>S.B., old, chronic sick</th>
<th>S.B., old, chronic sick, maternity, children</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/6d per prescription form</td>
<td>7 - 12 (15)</td>
<td>5-10 (11-12)</td>
<td>3-8 (7-8)</td>
</tr>
<tr>
<td>2/6d per prescription item</td>
<td>20-25 (25)</td>
<td>13-18 (17-20)</td>
<td>8-13 (11-14)</td>
</tr>
<tr>
<td>2/6d per g.p. consultation</td>
<td>Up to 10 (20-25)</td>
<td>Up to 7 (15-18)</td>
<td>Up to 5 (10-12)</td>
</tr>
</tbody>
</table>

Note: The main figures in the table are an estimate of the deterrent effect; the figures in brackets are the yield of the charge. The total saving would be the sum of these two. The figures are all very speculative because the effects of charges on consultation frequencies and prescribing habits cannot be foreseen with any accuracy; and because there is very little data about the habits of the proposed exempt classes.

If higher charges were levied the yield would increase in broad proportion but the deterrent effect would not necessarily do so.

Dental Service (£38m saving)

53. The basic forecast cost of this service, net of charges, is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost (£m)</th>
<th>less charges</th>
<th>Net cost</th>
<th>No. of dentists</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967/68</td>
<td>72.6</td>
<td>11.9</td>
<td>60.7</td>
<td>10430</td>
</tr>
<tr>
<td>1968/69</td>
<td>73.8</td>
<td>12.2</td>
<td>61.6</td>
<td>10430</td>
</tr>
<tr>
<td>1969/70</td>
<td>75.1</td>
<td>12.4</td>
<td>62.7</td>
<td>10460</td>
</tr>
<tr>
<td>1970/71</td>
<td>76.8</td>
<td>12.7</td>
<td>64.1</td>
<td>10540</td>
</tr>
<tr>
<td>1971/72</td>
<td>78.7</td>
<td>12.9</td>
<td>65.8</td>
<td>10650</td>
</tr>
</tbody>
</table>
44. If the service were abandoned except for certain classes, such as children, expectant and nursing mothers, and hardship cases, the saving might be about £38m in 1970/71. Legislation would be required, and as the G.D.S. has always been regarded as basic to the N.H.S., this would be a major decision. An alternative would be to increase the present treatment charge from £1 to 30s. or to £1 plus 25% of any extra cost, and to increase the charge for dentures from £5 to, say, £6.

An increase in the basic treatment charge would tend to discourage people from visiting the dentist regularly and keeping their teeth in good order (from this point of view the proportionate charge would be the better of the two); and apart from the yield (about £3-4m) which is outside the scope of this paper, the saving in gross public expenditure resulting from the higher charge would be minimal.

**Ophthalmic Service (£10m saving)**

45. The basic forecast cost of this service, net of charges, is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost (£m)</td>
<td>20.5</td>
<td>20.7</td>
<td>21.2</td>
<td>21.6</td>
<td>22.0</td>
</tr>
<tr>
<td>Less charges</td>
<td>8.0</td>
<td>8.1</td>
<td>8.3</td>
<td>8.4</td>
<td>8.6</td>
</tr>
<tr>
<td>Net cost</td>
<td>12.5</td>
<td>12.6</td>
<td>12.9</td>
<td>13.2</td>
<td>13.4</td>
</tr>
<tr>
<td>No. of sight tests</td>
<td>6.5m</td>
<td>6.65m</td>
<td>6.8m</td>
<td>6.95m</td>
<td>7.1m</td>
</tr>
</tbody>
</table>

46. The net cost in 1967/68 is made up principally of £6m for sight-tests and £6.1m for dispensing lenses and spectacles. The cost of providing the lenses and spectacle frames themselves is broadly covered by the charges (except for children - £0.4m). A third or more of the population wear glasses. Nearly everyone who needs glasses has an N.H.S. sight test and the great bulk of them have N.H.S. lenses, but over half prefer to buy frames privately, rather than use the N.H.S. range. The original intention was that the N.H.S. eye service should eventually operate from the hospitals, the present service through ophthalmic opticians being provided as an interim measure; but the suitability of the present arrangements as a permanent part of the N.H.S. was quickly accepted and it has been the intention to formalise the de facto position by amendment of the N.H.S. Acts when legislatively convenient. A decision to abandon the service (except for children) would save £10m in 1970/71.
It would require legislation, and would be a major decision (ophthalmic benefits were
given under N.H.I. before 1948). It would mean people not getting sight tests or
glasses as soon or as often as they should; and the elderly (the greatest users)
would suffer particularly. An alternative would be to increase the charge to cover
the whole cost of dispensing as well as providing lenses and frames. This would
save £2m and would not require legislation, but as increases in charges are outside
the scope of this paper the saving from abandonment of the service has been
demonstrated in the summary.

Welfare Milk (£35m saving)

77. Children under 5 and expectant mothers receive a pint of milk a day at 4d a pint
(the normal retail price at 1967 survey prices is around 10d a pint). Families at
supplementary benefit level get it free. The forecast cost (strictly including
about £2m not for other welfare foods) is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967/68</td>
<td>41.2</td>
</tr>
<tr>
<td>1968/69</td>
<td>41.1</td>
</tr>
<tr>
<td>1969/70</td>
<td>41.8</td>
</tr>
<tr>
<td>1970/71</td>
<td>41.7</td>
</tr>
<tr>
<td>1971/72</td>
<td>42.6</td>
</tr>
</tbody>
</table>

Forecast

<table>
<thead>
<tr>
<th>No. of beneficiaries (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967/68</td>
</tr>
<tr>
<td>1968/69</td>
</tr>
<tr>
<td>1969/70</td>
</tr>
<tr>
<td>1970/71</td>
</tr>
<tr>
<td>1971/72</td>
</tr>
</tbody>
</table>

80. An increase in the welfare price to 6d a pint (saving £13m a year) has already
been approved by Ministers subject to the introduction of satisfactory arrangements
for family endowment. This increase has not yet been announced or implemented.

81. Hitherto the nutritional evidence has suggested that the children who are
likely to be nutritionally vulnerable to a rise in the price are among those in
families with four or more children, or three children under five (an expectant
mother is counted for this purpose as a child under five). A fresh pilot survey has
recently been carried out however and is to be followed by a full scale study.
It is expected that the report of the pilot survey, which is likely to be published later this year, will
confirm that milk continues to be an important source of essential nutrients for
children in this age group, but will suggest that those at risk nutritionally are not
limited to children in large families. Such a conclusion might affect the way
in which a saving could best be achieved.
A more radical general increase in price or total abandonment of the scheme would therefore be open to criticism on nutritional grounds, and it seems likely that a subsidy would have to be retained at least for those families containing three or more children under five. Abandonment of the service for the remainder, leaving the large family paying 6d a pint, would save £36½m. If the large families paid 4d a pint the saving would be £35½m. The figures allow for completely free issues on needs grounds to an estimated 100,000 children within the large families. Financial arrangements to supply free milk to those in need but outside the scope of the curtailed service—possibly up to, say, 200,000—might reduce the Exchequer saving by some £2m to £3m. The consequential decline in milk uptake, perhaps 6 to 50 million gallons a year, would represent an annual loss to milk producers of some £5m and this would have to be taken into account in the annual farm price probably eventually passed on to consumers generally through an increase in the milk price of the order of ½d a pint for two months in a year.

If a less drastic step was desired, almost any intermediate amount of saving could be achieved by choice of a new welfare price with appropriate remissions for families with three or more children under 5. As increased charges are outside the scope of this paper, the saving from abandonment of the service has been entered in the summary.

Legislation would not be required, but the change would have to be fitted in with other tasks falling on M.S.S. (who issue the tokens). If early decisions were taken, the saving could be effected from 1968/69 onwards.
The proposals in this part of the paper relate to:

(a) the hospital services.

(b) local authority health and welfare services.

(c) training, research and development and other programmes.

The Department's aim is to achieve a balance between the pressing need to provide a modern hospital service and, through expenditure on local authority and central government services, to meet more fully the special needs of the young, the elderly and the handicapped; and in this way help them carry on usefully in the community, without recourse to more expensive hospital services.

The hospital service

The main expenditure would be on the hospital service. The Health Department's aims are to increase as rapidly as practicable the scale of expenditure on hospital building, in order to improve the rate of replacement of (and to reduce wasteful expenditure on patching up) old, inadequate and wrongly sited hospitals; and to match this with a more adequate expenditure on hospital running costs, at the same time doing something towards improving standards in older hospitals which will still have to be maintained for a considerable period, even with an accelerated capital programme.

Local authority health and welfare services

Progress would be made in overtaking the backlog in provision of places in old people's homes, including replacement of ex-Public Assistance Institutions, and places for the mentally disordered. Substantially more health centres would be built. These proposals come next in importance to those made for the hospital service; they are highly important in themselves, but, this apart, by meeting more fully the special needs of the elderly and the handicapped, they could be said to achieve by selective and economical methods more effective provision for these classes than unselective cash benefits.
Training, research and development and other services

Proposals are made in this section to catch up with the opportunities presenting themselves for harnessing computers to the health services; to make progress in programmes for the disabled and modern hearing aids; and to step up further training for staff. In all these fields, there is a clear recognition that the attention already being paid to securing value for money must be maintained and increased, as the results of the many studies now in progress come to fruition. The needs for economy in manpower are equally clearly recognised and important contributions are expected from increased automation and intensified research and development and training programmes.

HOSPITAL EXPENDITURE

Capital (£27m. - £10m. - addition)

68. Needs. Section III of the paper explained that it was estimated that about 30 per cent of the existing 472,000 hospital beds are over 100 years old and that 60 per cent date from the last century. The average age of a hospital bed today is about 70 years, and the need to provide a network of modern hospitals, well-sited to serve the present and expected concentrations of population, is regarded as urgent.

69. The present programme. Section III of the paper explained that about a fifth of the capital expenditure of some £1,000 m. between 1966 and 1975 envisaged in the ten year Hospital Plan was required to keep pace with the increase and shift in population; and that the remainder would mainly be needed to replace or improve existing hospitals. Because capital expenditure between 1958 and about 1955 was minimal and the backlog of obsolescence so great, this programme will just about prevent the average age of hospital beds from increasing, but will not suffice to reduce it.

70. Provision for an increased programme is governed by the practical possibilities for extending the programme rather than by the need which would justify even greater increases. The bulk of expenditure in any one year is on schemes in progress, not readily amenable to adjustment. Significant alterations can be achieved only by adjusting the starts of new schemes. Since expenditure in the year of start (and, for the larger schemes, in the subsequent year) is well below the maximum rate, a significant increase in expenditure in a particular year, e.g. 1970-71, would require
would require the starts of many schemes to be advanced by one or two years. This would increase expenditure prior to 1970-71 and, because there would be more schemes in progress, in the immediately subsequent year.

71. As a basis for illustration, the same range of possible 1970-71 increases as was considered earlier for possible decreases has been chosen. There are an almost infinite number of combinations of value of schemes and period of bringing forward of starts that would give the increases to be illustrated. One combination for each such increase is shown in the following table, in which the balance between major and minor schemes is deliberately weighted in favour of the former, since they are of greater long term value.

(See attached Table).

72. This table takes account also of the bringing forward of starts which would be necessary after 1970/71, both to avoid a hiatus in the programme of starts and to prevent a falling off in the levels of expenditure following 1970/71.

73. The effect of these increases on the present planning figures is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning figures</td>
<td>£m.</td>
<td>£m.</td>
<td>£m.</td>
<td>£m.</td>
</tr>
<tr>
<td>Additions (range)</td>
<td>-</td>
<td>0-1</td>
<td>5-8</td>
<td>10-27</td>
</tr>
<tr>
<td>Increased level (range)</td>
<td>85.2</td>
<td>94.3-95</td>
<td>108-111</td>
<td>112-139</td>
</tr>
</tbody>
</table>

74. Since the effect of any increases in the size of the programme would be concentrated on large schemes and not on patching or additional plant replacement, there would be an increase in the number of new beds and supporting services (mainly replacement).

75. As explained in Section III, there is no easy or convenient way (comparable, for example with "school places") of expressing the product of this investment. But using the rough guide of Section III, it was deduced that work to be started under the present programme in the four-year period 1967-68 to 1970-71 represented a notional equivalent of 35-40,000 beds with their supporting facilities. Applying these arguments to the increases suggested above, it can be deduced that of those notional 35-40,000 beds, the following number would have their starts brought forward within the period:

/Alternative

D.
<table>
<thead>
<tr>
<th></th>
<th>Alternative A</th>
<th>Alternative B</th>
<th>Alternative C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starts brought forward to 1970-71</td>
<td>16,500</td>
<td>10,000</td>
<td>5,500</td>
</tr>
<tr>
<td>Starts brought forward into period prior to 1970-71</td>
<td>7,000</td>
<td>7,000</td>
<td>4,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,500</strong></td>
<td><strong>17,000</strong></td>
<td><strong>10,000</strong></td>
</tr>
</tbody>
</table>

76. The numbers for which starts would be required to be brought forward for the illustrated increases in 1970-71 is markedly larger than the deferments shown in Section III for equivalent decreases. The reason is that a large part of increased expenditure in 1970-71 would have to be achieved by bringing forward major schemes so as to start in 1970-71. Since expenditure on such schemes would be at a comparatively low rate in the year in question, large numbers would be involved.

77. Again, the schemes which would be brought forward have not been identified but the list would comprise large important schemes such as district general hospitals, as well as hospitals for the mentally subnormal, and numerous smaller schemes, e.g. maternity and geriatric units, of great importance locally. In some cases, the bringing forward of starts would be publicly obvious, where they represented departures from the published Hospital Plan (which announced "schemes which it is hoped to start" up to 1969/70).
<table>
<thead>
<tr>
<th>Alternative</th>
<th>Minor Scheme Element</th>
<th>Major Scheme Element</th>
<th>Number Brought Forward</th>
<th>Total Cost (£)</th>
<th>Currently Planned to Start</th>
<th>Advanceament Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
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<tbody>
<tr>
<td>19</td>
<td>8</td>
<td>27</td>
<td>39</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>19 (less 16)</td>
<td>3</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
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<td>19</td>
<td>10</td>
<td>20</td>
<td>27</td>
<td>55</td>
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<tr>
<td>27</td>
<td>5</td>
<td>22</td>
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<tr>
<td>10</td>
<td>1</td>
<td>9</td>
<td></td>
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</tbody>
</table>

| 40 | 70 | 1970/71 | 1 year |
| 30 | 60 | 1971/72 | 1 year |
| 70 | 150|         |        |
| 45 | 95 | 1972/73 | 2 years|
| 40 | 75 | 1972/74 | 2 years|
| 65 | 160|         |        |
| 10 | 20 | 1972/73 | 2 years|
| 20 | 40 |         |        |
Revenue expenditure on the services provided by Hospital Boards amounts to about half the total of the block in 1967/68. As shown in paragraph 84 below, the present annual rate of increase is about £19m.; of this nearly two-thirds, or about £12m., is to meet the revenue consequences of capital schemes now coming into commission, leaving about £7m., or about 1% of the total amount available in 1967/68, for all other developments of the services. In 1970/71, a similar proportion of the additional sum available (nearly £17m.) would be absorbed by the revenue consequences of presently planned capital schemes, leaving about £10m., or 1\(\frac{1}{3}\)% of the total amount available, for non-capital developments.

The 1% to 1\(\frac{1}{3}\)% annually available for non-capital developments is rather greater than the forecast increase in the population as a whole, but the numbers of the elderly and the very young, who contribute significantly to the demand for hospital treatment, will rise at a considerably higher rate. In the past, this additional burden, together with improvements in the conditions under which treatment is given and the quality of treatment, have been possible because of increases in "productivity". For example, in the 10 years to 1965, the productivity of staff employed in diagnostic departments (e.g. X-ray and particularly pathology) have as shown in Section III, increased substantially, the average length of stay of patients has been reduced, and the number of in-patient cases treated a year has risen from about 3.6m. to 4.3m. without increase in the number of beds, while the cost per in-patient treated has fallen in real terms.

There are increasing demands on the already strained resources available to the hospital service. Waiting lists now include over half a million patients, and the numbers are tending to rise; it is increasingly difficult to find funds for the additional cost in a full year of developments begun during the previous year, for small qualitative improvements in the standard of medical care and the conditions in which it is given; and at the same time to undertake significant advances in diagnosis and medical treatment which are becoming available, e.g. cervical cytology screening and intermittent dialysis for chronic renal failure. Other costly and life saving developments are already appearing and may be expected to be used increasingly in the next few years, for example, cardiac surgery for the very young, and the prevention of haemolytic disease of the newborn, and others for instance in the treatment of cancer, may well emerge.
81. It has only been the overall constraints of the present P.E.S.C. limits which have led to 1970/71 being set as the first year in which the level of an annual 3⅞% increase in hospital revenue expenditure could be achieved, including the revenue consequences of the present hospital building programme. The proposal in this section therefore is to reach the 3⅞% level earlier (i.e. in 1968/69) and to get up to 4⅞%, an increase of £15m., by 1970/71.

82. In crude terms, the effect of an increase of £15m. in 1970/71 can be represented as the cost of treating just over 200,000 in-patients in acute hospitals, at the present average cost of just over £70 for each in-patient treated. This is in the context of existing waiting lists of over 3⅞m. patients, although lists would not be reduced pro tanto for the reasons already given in Section III.

Reduction of Arrears of Maintenance (£6m.)

83. In addition to an increase in the regular rate of development, hospitals need for a period of years to spend more money on maintenance and replacement of equipment which have been deferred through lack of funds to such an extent that they are seriously in arrears. The proposal in this section is therefore to add by stages in the three years 1968/69, 1969/70 and 1970/71 further sums for this purpose, reaching £6m. in 1970/71. A sum of £6m. would represent an increase of about one-fifth in the amount (something over £30m.) which might otherwise be devoted to maintenance in 1970/71, but to provide for substantially more than this in a single year might create problems of availability of direct or outside labour to undertake the work.

84. The path of expenditure would thus be modified as follows:

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</thead>
<tbody>
<tr>
<td>Percentage Increase p.a.</td>
<td>2⅞%</td>
<td>2⅞%</td>
<td>3%</td>
<td>3⅞%</td>
<td>3⅞%</td>
</tr>
<tr>
<td>Additions for general development:</td>
<td>-</td>
<td>5</td>
<td>11</td>
<td>15</td>
<td>19</td>
</tr>
</tbody>
</table>

| Increased Level | 712.5 | 731.2 | 753.1 | 779.5 | 807.7 |
| Percentage Increase p.a. | 2⅞% | 3⅞% | 3⅞% | 4⅞% | 4⅞% |
| Additions for maintenance, etc. | - | 2 | 4 | 6 | 6 |

| Increased Level | 712.5 | 738.2 | 768.1 | 800.5 | 832.7 |
| Total Percentage Increase p.a. | 2⅞% | 3.7% | 4.0% | 4.2% | 3.9% |
5. The revenue consequences of bringing forward the starts of capital schemes would absorb a part of the additions for general developments, although the main revenue effect would fall in later years. For the year 1970/71/ (leaving aside the further additions for maintenance) would be that the presently planned addition in that year of about \( \frac{1}{3} \% \) which would be devoted to non-capital developments would be increased to about \( \frac{1}{2} \% \). Other progressions to achieve an addition of £21m. in 1970/71 are possible, as are other divisions of the £21m. between maintenance and general development. But a single addition of £15m. to general development in 1970/71 would need to be matched by corresponding additions in subsequent years to enable the new level of service reached in 1970/71 to be maintained, and in later years this addition might need to be larger if there were a faster hospital building programme, i.e. as its revenue consequences became effective.

6. Throughout, the need to economise on manpower is accepted as an important consideration to which increased use of automation, e.g. in laboratories and elsewhere will play an important part, but at no less cost, and emphasis is placed on training to make the best use of available manpower (see paras. 98 to 100 below).
Local Authority Capital Expenditure (£m. addition)

37. The main effects of increased capital expenditure would be to permit the restoration of the development foregone by the two cuts — £7m. in 1966/67 and £3m. in 1967/68 — in the capital expenditure planned for those years (see paragraph 27); to enable the increasing demand for health centres to be met without reducing the development formerly planned on, for example, old people's homes, services for the mentally disordered and, if the increase were large enough, to accelerate the development of these services. The extent to which the development provided for in the basic forecast will fall short both of need and of what is planned by local authorities towards meeting that need is set out in paragraphs 29 to 33. To repeat just one example: 40,000 more places in old people's homes would still be needed in 1970/71 to give a reasonable minimum ratio (20 per 1,000 elderly) and to get rid of ex-Public Assistance Institutions.

38. Because local health and welfare capital projects take only about a year to complete, a decision to increase capital expenditure in, or up to, 1970/71 would not necessarily have implications for policy after that year. It would be possible, for example, to provide for a single addition of £8m. in 1970/71, reverting to the basic forecast figure for 1971/72; or preferably (in order to avoid the difficulties of a sudden sharp planning peak) to spend the £8m. over two years, say £3m. in 1969/70 and £5m. in 1970/71. The figures from 1968/69 to 1971/72 would then run approximately £35m., £40m., £44m. and £41m. (basic forecast). With a total increase of £8m. it would probably be possible to build say a further 100 centres beyond those provided for in the basic forecast and at the same time to provide some 800 additional places in homes for the elderly and 700 more new places in centres and hostels for the mentally disordered.

39. But on the assumption that a decision to increase capital expenditure by £8m. in 1970/71 was part of a longer term decision to devote a greater proportion of resources to local health and welfare services, it would be desirable both for effective planning and to give local authorities the necessary assurance to achieve the right momentum, to build up towards the higher figure from 1968/69 onwards (1967/68 capital expenditure is already determined by loan sanctions given in 1966/67) say £2m. in 1968/69 and
£5m. in 1969/70. The additional £8m. in 1970/71 might be continued - not necessarily increased - in 1971/72. On this basis, the run of capital expenditure from 1968/69 to 1971/72 would be approximately £42m., £37m., £47m. and £49m.

90. With such a progression, real inroads could be made into the unmet needs. It would, for example, be possible by 1971/72 to provide - in addition to the provision in the basic forecast - some 4,000 new places in old people's homes, some 3,000 new places in adult centres and 1,000 places in hostels for the mentally disordered, as well as say 100 extra centres for the physically handicapped; and to make a start on providing proper residential care and treatment for epileptics. The extra places for old people would bring the ratio per thousand population over 65 to about 17.5, after allowing for replacement of another 1,500 places in ex-public assistance institutions. The minimum reasonable target of 20 places per thousand over 65, after replacing all ex-public assistance accommodation (see paragraph 33) might be attainable in a further six years or so, provided that capital were allowed to continue to grow at £2m. to £3m. a year over that period; but unmet need for services for the mentally disordered and for the handicapped would still persist for some years.
An increase in total local authority revenue expenditure on local health and welfare services cannot be ensured under present arrangements for local authority expenditure generally just as a reduction cannot be enforced. But if the Department were given authority for very positive encouragement to local authorities to channel more resources to these services a swifter development than the 7% per annum assumed in the basic forecast might well be achieved. It would not be realistic to contemplate that such acceleration could be confined to a single year; the aim might be an increase, over the basic forecast, of £2m. in 1969/70, £4m. in 1970/71 and £6m. in 1971/72. This would bring the total expenditure figures up to £206.8m., £223.4m. and £241.2m., increasing the total growth rate for the 3 years to about 8% per annum.

Increased capital expenditure as proposed in paragraph 89 would itself carry revenue implications, for instance the additional 4,000 places in homes for the elderly would cost of the order of about £1.5m. per annum more by 1972/73 (though it does not follow that these revenue consequences could not be accommodated within the basic forecast by some deceleration under other revenue heads). For the rest the Department would look to the authorities for an increase in revenue expenditure to accelerate the development of all their existing services, especially the welfare services for the elderly living at home, through a more intensive search for those in need and the meeting of needs when discovered. A topical example of other fields in which it may be necessary to meet needs is large scale vaccination against measles. One particular objective would be a more rapid build up of family planning services.

The additional call on staff would depend on the mix of the new programmes. But in very broad terms an additional £4 million revenue expenditure might be associated with an increase of the order of 4,000 staff. If past experience is any guide the general shortage of manpower expected over the next few years would not prevent such further expansion. The local health and welfare services appear to be particularly attractive to married women (many of them trained) who can work part-time. The new developments in welfare services for the elderly and in family planning should be able to rely extensively on voluntary helpers.
TRANSPORT FOR THE DISABLED (£6 million addition)

94. Having received the report of the Interdepartmental Committee on Vehicles for the Disabled the Minister of Health announced on 15th February, 1967 that the making available of small cars (instead of tricycles) to three further small groups of the disabled would be started this year. At the same time he announced that, under statutory powers which he intended to seek, the intention was to take a substantial step forward as soon as practicable in making cars available to the other groups regarded as next in priority.

95. The estimated provision assumes (a) the continuation of supply of cars in 1968/69 to the three small groups mentioned in the Minister's Statement and (b) the implementation in 1969/70 and subsequent years of an extended programme based on the recommendations made by the Interdepartmental Committee on Vehicles for the Disabled and under statutory powers (to be obtained in the Miscellaneous Health Services Bill). The capital costs according to the latest forecasts of the rate of possible progress of supply, taking account of likely resources, are in respect of about 800 cars in 1968/69; 4,000 cars in 1969/70; 12,000 cars in 1970/71; and 10,000 cars in 1971/72; allowing also for the maintenance costs involved, the expenditure would be £0.5 million for 1968/69; £2 million for 1969/70 and £6 million for the two following years, leading to completion of the full programme in later years at a somewhat higher rate. This rate of expenditure would be reduced if Ministers were to decide that some charges should be levied for the supply of cars. This is outside the scope of this paper, but is a matter being examined interdepartmentally following the recent discussion in the Ministerial Committee on Social Services.

/HEARING AIDS
HEARING AIDS (£3 million addition)

96. Demand is growing for the provision of a modern head-worn hearing aid to replace the present obsolete N.H.S. aid. The rate at which provision could be made is dependent on progress in design (on which a start is being made in accordance with the Minister's recent Statement), on solving problems likely to arise in large-scale production of an aid of this type, and on the assessment of the results of the experimental issue of these aids to children of school age. There is accordingly considerable difficulty in forecasting how soon a substantial start could be made to a main programme of providing these modern head-worn aids both to new patients and to the users of body-worn instruments; the estimated expenditure of £3 million a year for 1970/71 and 1971/72 would be followed by completion of the full programme over perhaps another 2-3 years (the numbers needed being assessed as about 700,000 in all at a capital cost of £12 million). As in the case of vehicles for the disabled, this rate of expenditure would be reduced if Ministers decided that charges should be made for these modern hearing aids.

SPECTACLE FRAMES (£1 million addition)

97. The present range of N.H.S. frames is no longer generally socially acceptable. Press and other public comment is unrelievedly critical; and two spectacle wearers out of every three reject N.H.S. frames in favour of private ones. It is proposed to bring the N.H.S. range more up-to-date by the inclusion of two or three frames of modern but well-established pattern, such as a library or semi-library frame and one or more duo-tone (two colour) frames. The full cost of the new frames will be borne by patients (except in cases of financial hardship) while the optical charges remain. But in every case in which the new N.H.S. frames replaced private ones the optician would get an extra 5/- dispensing fee; and if the new frames were generally acceptable the cost to the Exchequer of this might rise towards £1 million. If charges to patients were increased to
RESULTS OF RESEARCH AND DEVELOPMENT (£5 million addition)

96. It is important to the balanced development of the health and welfare services that considerable progress is made in (a) automation, (b) use of computers, and (c) research and development of medical supplies and equipment. It can already be seen that investment over the next few years in testing and applying automation to hospital procedures (e.g., patient monitoring, pathology work and the handling of stores, drugs, and documents) would enable more efficient use to be made of the limited manpower and would reduce the demands of the hospital service for additional staff to deal with increased work load. The Ministry are now beginning to see how computers could be used in the N.H.S. as a whole and the possibilities are far-ranging, including advances in the field of preventive medicine. Most of the potential computer applications are as yet unproven, but a period of development work is starting, based on a small number of projects, to provide a practical basis for eventual expansion of computer service. Constraint on funds and the scarcity of qualified people have probably delayed progress of both automation and use of computers, but there is a need to broaden the developmental programme quickly so that the health services catch up at least by 1970. Substantial results in the production and use of medical supplies and equipment are expected to follow from R. and D. work, carried out by the Ministry and other staff. The rapid growth of technology, particularly in the field of electronics, has produced many actual and potential applications to medical equipment. This tendency seems certain to continue, and there will be a growing need for feasibility studies and other forms of research and development on equipment of many kinds. The
working relationship recently established with A.W.H.E. will be of assistance here.

TRAINING (£4 million addition)

99. The need for the best use of available manpower is central to the development of the health and welfare services, and the needs for further training range over the whole field. Comprehensive proposals for the management training of administrators have been made by the National Staff Committee, and are in hand for supervisory staff in general (£0.25 million). The Government has accepted the recommendations for organised training for nurses made by the Salmon Committee (£0.9 million). Particular emphasis is being placed on postgraduate medical education, to keep g.p.s up-to-date by attending refresher courses and medical centres, and to enable hospital doctors by organised improvements in study leave to develop skills in their chosen specialties (£2.5 million). The National Board for Prices and Incomes has recommended the training of more work study experts to improve the development and pay structure of ancillary workers in the N.H.S. (£0.05 million), and rapid developments in the training of ancillary workers themselves are needed (£0.4 million). More should be done in the Service for the whole range of professional and technical staff, such as medical laboratory technicians (£0.5 million), engineers, social workers and dental technicians (£0.5 million). There is a need for the training of more nurse teaching staff, to reduce the failure rate in examinations and wastage in training, and thus produce more trained nurses from the same number of recruits (£0.2 million).

100. Bearing in mind the time required to organise and to assemble the resources for this programme, these requirements (£5.3 million in a full year) are not likely to be met until after 1970/71, and the provision for that year has accordingly been limited to £4 million.
## 1. Basic Costs of Health and Welfare (Scotland)

### Hospitals

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<td><strong>Capital (1)</strong></td>
<td>12.9</td>
<td>13.6</td>
<td>15.5</td>
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<tr>
<td><strong>Current (1), (2)</strong></td>
<td>93.7</td>
<td>96.9</td>
<td>103.8</td>
<td>3.5</td>
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<td><strong>Executive Councils Services</strong></td>
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<tr>
<td>General Medical Services</td>
<td>13.6</td>
<td>13.9</td>
<td>14.5</td>
<td>2.2</td>
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<tr>
<td>Pharmaceutical Services</td>
<td>16.5</td>
<td>17.0</td>
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<tr>
<td>Dental Services (Less patients')</td>
<td>6.0</td>
<td>6.1</td>
<td>6.5</td>
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<tr>
<td>Ophthalmic (Less patients')</td>
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<td>1.1</td>
<td>1.2</td>
<td>3.0</td>
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<td><strong>Local Health and Welfare</strong></td>
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<tr>
<td><strong>Capital</strong></td>
<td>1.3</td>
<td>1.4</td>
<td>1.5</td>
<td>5.1</td>
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<tr>
<td><strong>Current</strong></td>
<td>13.7</td>
<td>14.4</td>
<td>15.2</td>
<td>6.1</td>
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<tr>
<td><strong>Other Central Government Services (4)</strong></td>
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<td></td>
<td></td>
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<tr>
<td><strong>and Welfare Foods</strong></td>
<td>8.3</td>
<td>8.8</td>
<td>8.7</td>
<td>1.6</td>
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<tr>
<td><strong>Other</strong></td>
<td>(Imputed rents; M.F.B.W. estimates for hospitals and health centres; Departmental and E.C. administration) (4)</td>
<td>4.5</td>
<td>4.5</td>
<td>4.9</td>
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<tr>
<td><strong>Total</strong></td>
<td>171.6</td>
<td>177.7</td>
<td>190.5</td>
<td>3.7</td>
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</table>

### Notes

1. Including advances to hospital authorities
   - Capital 12.1 13.0 14.4
   - Current 93.9 95.0 101.8
2. Approx. 70% salaries and wages of which B.H.E., B.O.M.
   - Medical 67.2 69.3 74.0
   - Nursing 11.4 11.8 12.6
   - Other 27.5 28.4 30.3
3. Approx. 70% salaries and wages.
4. Including provision for health centres. In Scotland the majority of health centres are provided by S.H.K.D. directly; the remainder by local authorities under delegated powers.
2. "Basic" Manpower

<table>
<thead>
<tr>
<th>Hospital Services (RDH, EM)</th>
<th>1967/68</th>
<th>Average cost per person</th>
<th>1970/71</th>
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<tr>
<td>Medical and Dental</td>
<td>3,547</td>
<td>£3,255</td>
<td>3,832</td>
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<tr>
<td>Nursing</td>
<td>34,206</td>
<td>809</td>
<td>37,912</td>
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<tr>
<td>Administrative &amp; Technical</td>
<td>9,543</td>
<td>1,037</td>
<td>10,495</td>
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<tr>
<td>Ancillary</td>
<td>24,615</td>
<td>750</td>
<td>25,633</td>
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<tr>
<td>General Medical Practitioners</td>
<td>2,590</td>
<td>5,268</td>
<td>2,660</td>
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<tr>
<td>General Dental Practitioners</td>
<td>1,060</td>
<td>4,504</td>
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<tr>
<td>Others</td>
<td>3,107</td>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative &amp; Technical</td>
<td>148</td>
<td>1,181</td>
<td>153</td>
</tr>
<tr>
<td>Ancillary</td>
<td>915</td>
<td>1,100</td>
<td>1,085</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Health</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical, Nursing and Midwifery, Social Workers</td>
<td>4,095)</td>
<td>914</td>
<td>4,417</td>
</tr>
<tr>
<td></td>
<td>5,988)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Welfare</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified and unqualified</td>
<td>2,620</td>
<td>665</td>
<td>3,200</td>
</tr>
</tbody>
</table>

II. -75% and +5% EXERCISE (SCOTLAND)

3. For the purposes of this exercise -75% in 1970/71 = £14.2m., and +5% in 1970/71 = £9.5m. There follows a summary of the - and + possibilities examined.

4. -75% Summary

<table>
<thead>
<tr>
<th>Reductions</th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970/71</td>
<td></td>
</tr>
</tbody>
</table>

Hospital capital
- Deferment of starts of hospital projects announced in the Hospital Building Programme: 3

Hospital revenue
- Reduction in expenditure by hospitals; the planned expenditure takes account of new advances in medicine, running costs of new hospitals and backlog of deferred maintenance in existing hospitals: 1.4

Local Health and Welfare - capital
- Cutting back of plans for the elderly, hostels and centres for the mentally disordered and homes for the physically handicapped etc.: .25

Local Health and Welfare - revenue
- General reduction in level of staffing of the domiciliary services and curtailment of proposals for promotion of the welfare of the elderly: .25

General Medical and Pharmaceutical Services
- Deterrent effect on the services, if medical consultation charges or charges for drugs were introduced: 1.5

/General
General Dental Services
Abandonment of the service, except for children, expectant mothers etc. 3.8

Supplementary Ophthalmic Services
Abandonment of the service, except for children 1

Welfare Milk
Abandonment of the service, except for larger families 4

Total 15.2

3. 5% summary

Hospital capital
Acceleration of the Hospital Building Programme 4.1

Hospital revenue
Improvement in standards of service; providing for new medical developments and revenue consequences of new hospitals; catching up on arrears of maintenance etc. 1.5

Health Centres
Acceleration of the central health centre building programme .4

Local Health and Welfare - capital
Provision of additional places in old people's homes; provision of health centres by local authorities under delegated powers .6

Local Health and Welfare - revenue
Acceleration of services, especially for the elderly at home .5

Transport for the disabled
Extended programme for provision of cars instead of tricycles for priority groups of the disabled .6

Hearing Aids
Start of programme to provide modern head-worn hearing aids .3

Spectacle Frames
Provision of a wider choice of frames .1

Research and Development
Expanded programme of testing and applying automation in hospitals, computer trials, and medical supplies equipment research and development .5

Training
Accelerated programme of further training, including training of managers and Work Study experts, to make the best use of available manpower .4

Total 9.4

The figures set out above relate to 1970/71.

Note: £0.5m. has been held back since the PESC forecast is greater than the Revalued 1966 Survey by that amount.
6. The current programme and the background of need: It is estimated that about 12 per cent. of the existing 63,000 hospital beds are over 100 years old and that about 50 per cent. date from the last century. The mean-age of a hospital bed in Scotland is about 65 years. It is acknowledged that a considerable part of present hospital accommodation is inadequate for the practice of modern medicine. The Review of the Hospital Plan for Scotland, published in February, 1966, provisionally assumed a capital expenditure of about £60m. in the quinquennium 1966-67 to 1970-71. During the five years the main emphasis of hospital building will be on improving the provision of beds for geriatric care, in providing improved hospital maternity services, in starting new district general hospitals to permit the reorganisation of general hospital services in certain areas, and to start the redevelopment of the existing major teaching hospitals. Given the minimal level of capital expenditure between 1938 and about 1955 and the very large backlog of obsolescence, this programme would just about keep pace with the passage of time, but no more.

7. The present planning figures for capital expenditure (buildings, equipment and fees) for N.H.S. hospitals are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967-68</td>
<td>12.4</td>
</tr>
<tr>
<td>1968-69</td>
<td>13.3</td>
</tr>
<tr>
<td>1969-70</td>
<td>14.0</td>
</tr>
<tr>
<td>1970-71</td>
<td>14.9</td>
</tr>
</tbody>
</table>

8. Over the period 1967-68 to 1970-71, the current programme would entail the start of some 30 major schemes with a total value greater than £60m.; in addition, over £14m. would be allocated to Regional Boards for their ordinary building programmes.

9. Table A illustrates ways in which reductions in capital expenditure could be made, disturbing as little as possible the building programme and clinical priorities, while minimising as far as possible abortive expenditure. The effect of these reductions on the present planning figures shown in paragraph 7 is as follows:

---

III. - DETAILED POSSIBILITIES

HOSPITAL EXPENDITURE

Capital (£0.6m. - £3m. saving)
10. It would not be practicable to defer any patching up or plant replacement schemes. Reductions in the size of the main programme would thus be almost entirely at the expense of major schemes providing new beds (either additional or replacement). The present programme envisages the start of over 5,800 beds in the four-year period 1967-68 to 1970-71. The number of beds affected by the various capital reductions is as follows:

<table>
<thead>
<tr>
<th>Scheme (starting 1970-71) deferred beyond 1970-71</th>
<th>Alternative A</th>
<th>Alternative B</th>
<th>Alternative C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of beds</td>
<td>900</td>
<td>1,000</td>
<td></td>
</tr>
</tbody>
</table>

Schemes deferred by one year within four year period up to 1970-71 (but still starting before end of 1970-71)

<table>
<thead>
<tr>
<th>Number of beds</th>
<th>Alternative A</th>
<th>Alternative B</th>
<th>Alternative C</th>
</tr>
</thead>
<tbody>
<tr>
<td>800</td>
<td>1,000</td>
<td>2,300</td>
<td></td>
</tr>
</tbody>
</table>

11. While the schemes which would be deferred have not been finally identified, it is clear that deferment would affect the new general hospitals to be built at Greenock, Inverness, Airdrie and North Ayrshire; redevelopment at Glasgow and Aberdeen Royal Infirmary; and also possibly new maternity units at Dunfermline and the Western General Hospital, Edinburgh. Provisional starting dates for these schemes have been agreed with Regional Boards for planning purposes, and most if not all of these have become public, in some cases in answer to Parliamentary Questions.

All the schemes are included in the Review of the Hospital Plan which clearly indicates that it is hoped to start them in the period up to 1970-71. Any deferments would inevitably become public knowledge.
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative A</td>
<td>1.6</td>
<td>-</td>
<td>0.6</td>
<td>1</td>
<td>5.1</td>
<td>1968-69</td>
<td>1 year</td>
<td>0.2</td>
<td>0.3</td>
<td>0.1</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>1.6</td>
<td>-</td>
<td>2.5</td>
<td>1</td>
<td>2.5</td>
<td>1970-71</td>
<td>1 year</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>1.8</td>
<td></td>
<td>7.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.3</td>
<td>0.8</td>
<td>0.7</td>
<td></td>
<td>1.8</td>
</tr>
<tr>
<td>Alternative B</td>
<td>1.6</td>
<td>-</td>
<td>1.6</td>
<td>1</td>
<td>5.1</td>
<td>1968-69</td>
<td>1 year</td>
<td>0.2</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td>1.6</td>
<td>-</td>
<td>0.8</td>
<td>1</td>
<td>0.8</td>
<td>1969-70</td>
<td>1 year</td>
<td>-</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>1.6</td>
<td></td>
<td>10.5</td>
<td>3</td>
<td>10.5</td>
<td>1970-71</td>
<td>1 year</td>
<td>0.3</td>
<td>0.8</td>
<td>0.7</td>
<td></td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>1.8</td>
<td></td>
<td>16.4</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>0.5</td>
<td>1.6</td>
<td>1.3</td>
<td>1.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Alternative C</td>
<td>3.0</td>
<td>-</td>
<td>3.0</td>
<td>2</td>
<td>11.5</td>
<td>1968-69</td>
<td>1 year</td>
<td>0.2</td>
<td>0.9</td>
<td>1.0</td>
<td>0.4</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td>3.0</td>
<td>-</td>
<td>9.5</td>
<td>2</td>
<td>9.5</td>
<td>1969-70</td>
<td>1 year</td>
<td>0.1</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>3.0</td>
<td></td>
<td>11.1</td>
<td>4</td>
<td>11.1</td>
<td>1970-71</td>
<td>1 year</td>
<td>0.1</td>
<td>0.3</td>
<td>1.0</td>
<td>0.5</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>3.0</td>
<td></td>
<td>31.9</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td>0.4</td>
<td>2.6</td>
<td>3.0</td>
<td>1.7</td>
<td>7.7</td>
</tr>
</tbody>
</table>
revenue (£1.4m. saving)

12. The present forecasts of revenue expenditure on hospital services are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>91,921</td>
<td>95,011</td>
<td>98,340</td>
<td>101,785</td>
<td>105,484</td>
</tr>
<tr>
<td>Percentage rate of growth</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

This rate of growth represents just over £3m. per annum of which almost exactly a half is required to meet the revenue consequences of capital schemes in 1967-68, 1968-69 and 1969-70. In 1970-71 rather more than half, or nearly £2m., might be available for developments other than the revenue consequences of capital projects but, on the present basis of a flat rate of growth, a substantial part of this figure would have to be carried forward into 1971-72 to meet the exceptionally high cost of capital projects foreseen in that year. In 1971-72, when the growth figure reaches nearly £3.6m., from 75 to 85 per cent, is likely to be required for capital projects because of a peak in new projects coming into commission.

13. In Scottish hospitals the average length of stay has reduced in the years from 1960-65 by 20 per cent, in medical departments and 7 per cent, in surgical departments (comparable figures are not available before 1960). In the ten-year period from 1955 to 1965 the number of staffed beds has actually fallen slightly; discharges and deaths i.e. the number of patients treated, has risen from 0.49m. to 0.657m. or by about 29 per cent. in the same period. The average cost of treating a patient in an acute non-teaching hospital has fallen by about 10 per cent, in real terms between 1957-58 and 1965-66.

14. The 1967-68 expenditure at £92m. was made up of £66.9m. for salaries and wages and £25.1m. for supplies and services. On existing forecasts, manpower in the Scottish hospital service is expected to increase from 71,000 in 1967-68 to 76,500 by April, 1971; the nursing staff included in these figures will increase from 34,000 to 37,000.

15. Reduction: A cumulative reduction of £1.4m. by 1970-71 would represent the cost of some 1,780 nurses or 59 per cent. of the total increase referred to in the preceding paragraphs. Alternatively, it corresponds to a reduction of about a third in the present level of expenditure on the maintenance of buildings, plant/
The reduction of £1.4m. by 1970-71 would require the rate of growth to be cut back to 3 per cent—significantly below the 1967-68 level of 3½ per cent., and the cut would be worth, on average, £450,000 in each of the three years of the period.

16. A reduction of this size would probably result in a general restriction on the growth of the service and on the steady pattern of improvement which has been achieved in recent years. The slowing down of the rate of capital expenditure and the postponement of certain capital projects would not affect the money required for the revenue consequences of capital projects in the period up to 1970-71 because the schemes involved in the postponement are not those which would have been commissioned in this period. Certain developments, such as the increasing use of laboratory services, X-ray facilities, etc., the changeover to the use of disposables and the adoption of new and improved procedures (sterile packs etc.), are not susceptible to the same positive control by hospital authorities as, for example, additional staff, so that for such purposes a proportion of the development money becomes virtually a first commitment each year. Restriction of the growth rate would mean that the items which are most easily controlled would be those likely to suffer, e.g., improvements in staffing levels, the introduction of good management techniques such as planned preventive maintenance, the maintenance of buildings and the renewal of furniture and equipment.

17. The cumulative reductions have been based on the restriction of the growth rate to 3 per cent, throughout the period and the resulting pattern of expenditure, compared with the present forecasts, is shown below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Basic</td>
<td>91.9</td>
<td>95.0</td>
<td>98.3</td>
<td>101.8</td>
<td>105.5</td>
</tr>
<tr>
<td>Percentage increase per annum</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Reductions - Annual</td>
<td>-</td>
<td>.42</td>
<td>.48</td>
<td>.5</td>
<td>.5</td>
</tr>
<tr>
<td>Cumulative</td>
<td>-</td>
<td>.42</td>
<td>1.4</td>
<td>1.9</td>
<td>1.9</td>
</tr>
<tr>
<td>Reduced level</td>
<td>91.9</td>
<td>94.58</td>
<td>97.4</td>
<td>100.4</td>
<td>103.6</td>
</tr>
<tr>
<td>Percentage increase per annum</td>
<td>3⅔%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

It would be extremely undesirable to impose the whole of the cut in the last year of the period i.e., 1970-71, since this would represent a very marked reversal /
reversal of the steady rate of progress which the 3½ per cent. growth has already enabled the hospital service to achieve in 1966-67 and 1967-68; a continuation of this rate for a further two years would, in itself, create a climate of steady improvement which by 1970-71 would be difficult to change. On present forecasts, 1970-71 would require rather less for capital projects than the preceding or subsequent years so that, at first sight, other developments would not suffer so greatly in that year if a cut were imposed; even with the increased amount available, however, a cut of £1.4m. imposed in that year would mean a drop from about £2.6m. for developments other than capital in 1969-70 to £0.6m. in 1970-71.

18. The table in paragraph 17 carries forward into 1971-72 the projection and increases the cumulative reduction by that year to £1.9m. The cut of £0.5m. in that year would mean that only the capital projects, as forecast at present, could be financed within the total, leaving virtually nothing for other developments. In order to provide for new capital developments in that year and to avoid leaving new buildings unopened, it would be necessary to use some of the money in the previous year for non-recurring items such as maintenance; but this would be made more difficult by the reduction already imposed in the earlier years.

HEALTH CENTRES
19. The bulk of health centre building in Scotland is being carried out as a central programme by the Scottish Home and Health Department, supplemented to some extent by the provision of a smaller number of health centres by local authorities under delegated powers. Capital expenditure on the central programme, as included in the PBSC basic programme revalued is expected to rise from £1.16m. in 1967/68 to over £2.5m. in 1970/71. 6 centres are at present under construction under the central programme and in view of the pressing need to make progress with further development of centres in Scotland no reduction in the basic programme is proposed. The effects of a reduction of the health and welfare capital programmes of local authorities could be expected to affect their health centre provision, and this is discussed in paras. 20-22.
20. In 1967/68 the allocation of local authority capital expenditure is:

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Health centres provided by local authorities under delegated powers</td>
<td>0.1</td>
</tr>
<tr>
<td>(2) Centres for mentally handicapped</td>
<td>0.2</td>
</tr>
<tr>
<td>(3) Homes for the elderly (and the physically handicapped)</td>
<td>0.7</td>
</tr>
<tr>
<td>(4) Other items, e.g., clinics and day nurseries</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>1.3</td>
</tr>
</tbody>
</table>

The total reflects a reduction of £1m. in the expenditure planned for 1967/68 before the cuts announced in July, 1966, and is still appreciably short of the local authority forecasts for the year. The "basic" forecast for 1970/71 is £1.5m.

**Health Centres:** As already indicated, in Scotland, the major part of the health centre building programme is being carried out directly by the Scottish Home and Health Department. Health centres provided by local authorities are only just beginning to be accepted by general practitioners and many proposals are now coming forward from authorities. In 1967/68, work is expected to start on four centres, and by 1971 possibly 15, costing £40,000 to £50,000 each will have been completed.

**Centres, etc., for the mentally handicapped:** At the present planned rate of expenditure the number of places in junior occupation centres would increase from 420 at present to about 700 in 1971, in senior occupation centres from 2,030 to about 2,650 and in hostels from 100 to 180. Present plans would allow places per thousand of population to rise by 1971 from 0.08 to 0.13 for junior occupation centres, 0.39 to 0.51 for senior occupation centres and 0.02 to 0.03 per cent. for hostels. This is not a high rate of expansion in a service which is comparatively new and in which local authorities have considerable leeway to make up. Reduction in the present proposed rate of growth would mean continuing hospital care for some at greater cost.

**Old people's homes and welfare services:** These services are grouped together for capital expenditure purposes, the major element being expenditure on old people's homes. In Scotland, separate homes have not so far been provided for young /
young physically handicapped persons, most of whom are placed in ordinary part III accommodation or in voluntary homes by the local authority on an agency basis.

21. There are at present 13,132 places available in homes provided by local authorities, voluntary bodies and privately. This represents 25 places per 1,000 of the population aged over 65 years. Local authority homes alone provide 7,659 of these places (representing under 14 places per thousand of the population age-group). The present planned rate of capital expenditure, which visualises an annual increase of 200 places, will at most maintain the present ratio (itself little more than minimal), taking into account the expected increase in the elderly population by 1971. This takes no account of proposals for replacement during the next few years of obsolete premises provided under the old poor law. A start has already been made on one such major project at Foresthall, Glasgow, at present accommodating over 400 elderly residents, and plans have already been received for further stages of replacement costing over £8m.

22. In Scotland, the present planned investment programme rises from only £1.3m. to £1.5m. between 1967/68 and 1970/71. A cut of £0.25m. would be the equivalent of cancelling about 17 per cent. of the planned programme for that year, reducing the 1970/71 investment level to below the 1967/68 figure. A cut of this kind would be likely to fall most heavily on provision of homes for the elderly, and as a result of the population increase in this age group would result in a fall in the current ratio of places provided for old people. Applied across the board, it would mean perhaps 2-3 fewer health centres, 150 fewer places in occupation centres and 130 fewer places in old people's homes.

**Revenue (£.25 saving)**

23. The effect of reducing the planned rate of increase in 1970/71 by £.25m. and phasing it from 1969/70 would be:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Present basic</td>
<td>13.7</td>
<td>14.2</td>
<td>14.9</td>
<td>15.9</td>
</tr>
<tr>
<td>% increase per annum</td>
<td>5.1</td>
<td>5.0</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td>Reduction</td>
<td></td>
<td></td>
<td>0.1</td>
<td>0.25</td>
</tr>
<tr>
<td>Revised level</td>
<td>13.7</td>
<td>14.2</td>
<td>14.8</td>
<td>15.65</td>
</tr>
<tr>
<td>% increase per annum</td>
<td>5.1</td>
<td>4.2</td>
<td>5.8</td>
<td></td>
</tr>
</tbody>
</table>
on the assumption that the reduction of £25m. were carried through into 1971/72, the main impact would be likely to fall on the staffing of domiciliary services - equivalent to some 200-300 home nurses, health visitors, home helps and social workers for the elderly and the handicapped - all of which are already under great pressure.

EXECUTIVE COUNCIL SERVICES

24. The effect in Scotland of the various possibilities for abolition of services or for the imposition of charges in the N.H.S., discussed in the first part of this paper (relating to England and Wales), would be as follows:

General Medical Practitioners

25. The basic forecast cost of the family doctor service, and the numbers of doctors, in Scotland is:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost (£m.)</th>
<th>No. of g.p.s.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967/68</td>
<td>15.6</td>
<td>2,500</td>
</tr>
<tr>
<td>1968/69</td>
<td>15.9</td>
<td>2,525</td>
</tr>
<tr>
<td>1969/70</td>
<td>14.1</td>
<td>2,540</td>
</tr>
<tr>
<td>1970/71</td>
<td>14.5</td>
<td>2,650</td>
</tr>
<tr>
<td>1971/72</td>
<td>14.7</td>
<td>2,660</td>
</tr>
</tbody>
</table>

Pharmaceutical services

26. The basic forecast of drugs prescribed free to patients in Scotland is:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost (£m.)</th>
<th>No. of prescriptions (million)</th>
<th>Average cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967/68</td>
<td>16.51</td>
<td>27.75</td>
<td>11s. 6d.</td>
</tr>
<tr>
<td>1968/69</td>
<td>16.99</td>
<td>27.37</td>
<td>11s. 9d.</td>
</tr>
<tr>
<td>1969/70</td>
<td>17.47</td>
<td>27.99</td>
<td>12s. 0d.</td>
</tr>
<tr>
<td>1970/71</td>
<td>17.95</td>
<td>28.11</td>
<td>12s. 3d.</td>
</tr>
<tr>
<td>1971/72</td>
<td>18.43</td>
<td>28.23</td>
<td>12s. 6d.</td>
</tr>
</tbody>
</table>

27. Possible savings: Abolition of the family doctor service, with exceptions for hardship and for special categories such as the elderly and the young might produce savings in Scotland of the order of £28m. Limiting the prescribing of drugs to a list based on standard works of reference might yield savings of £12m. Savings by the reintroduction of prescription charges might produce a reduction in gross expenditure in Scotland of £1.5m. from 1970/71; this represents a midway figure from the range of possibilities set out in the Table below. (The yield from the charges is shown in square brackets.)

<table>
<thead>
<tr>
<th>Exemptions for:</th>
<th>Supplementary Benefit Recipients only</th>
<th>S.B., old, chronic sick</th>
<th>S.B., old, chronic sick, maternity, children</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/6d. per prescription form</td>
<td>.7 - 1.2 (1.5)</td>
<td>.5 - 1 (1.2)</td>
<td>.3 - .6 (.7 - .8)</td>
</tr>
<tr>
<td>2/6d. per prescription item</td>
<td>2 - 2.5 (2.5)</td>
<td>1.5 - 1.8 (1.7 - 2)</td>
<td>.8 - .15 (.1 - .15)</td>
</tr>
<tr>
<td>4/6d. per g.p. consultation</td>
<td>Up to 1 (2 - 2.5)</td>
<td>Up to .7 (1.5 - 1.8)</td>
<td>Up to .5 (1 - 1.2)</td>
</tr>
</tbody>
</table>
Dental Service (£3.8m. saving)

28. The basic forecast cost of the service in Scotland is:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost less charges (£m.)</td>
<td>5.98</td>
<td>6.08</td>
<td>6.18</td>
<td>6.32</td>
<td>6.47</td>
</tr>
<tr>
<td>No. of dentists (incl. assistants)</td>
<td>1,147</td>
<td>1,157</td>
<td>1,167</td>
<td>1,177</td>
<td>1,187</td>
</tr>
</tbody>
</table>

An increase in the basic treatment charge from £1 to 30s. or to £1 plus 25 per cent. of the extra cost would yield £3.5-4m.

Welfare milk (£4m. saving)

29. A saving of £4m. in 1970/71 would imply abandonment of the service (except for children).

30. In Scotland the forecast cost is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost (£m.)</td>
<td>4.7</td>
<td>4.8</td>
<td>4.8</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Forecast no. of beneficiaries (millions)</td>
<td>.507</td>
<td>.504</td>
<td>.500</td>
<td>.500</td>
<td>.500</td>
</tr>
</tbody>
</table>

Abandonment of the service (other than for families of three or more children under five) leaving the large family paying 6d. a pint, would save £2.5m. If the large families paid 4d. a pint the saving would be £3.6m.
DETAILED POSSIBILITIES

GENERAL

31. The proposals in this part of the paper relate to:

(a) the hospital services;
(b) health centres;
(c) local authority health and welfare services;
(d) training, research and development.

32. The Department's aim is to achieve a balance between the pressing need to provide a modern hospital service and, through expenditure on local authority and central government services, to meet more fully the special needs of the young, the elderly and the handicapped; and to afford help to these groups wherever possible within the community, without recourse to more expensive hospital services.

The hospital service

33. The main expenditure necessarily lies here, the aim being to increase as rapidly as possible the scale of hospital rebuilding in order to improve the provision for geriatric and maternity care, and to replace old, inadequate and wrongly sited hospitals.

Health centres

34. The start made in the provision of health centres needs to be accelerated and expanded, both through the Department's central programme and by local authority provision under delegated powers.

Local authority health and welfare services

35. Progress would be made in overtaking the shortage of places in old people's homes, including replacement of obsolete institutions, and places for the mentally disordered. Limited additional expenditure would also be incurred as a result of the reorganisation of social work services in Scotland, as outlined in the White Paper on "Social Work and the Community" (Cmnd. 3365). Both sets of proposals are highly important in themselves as being designed to achieve by selective and economical methods more effective
effective provision for the elderly and the handicapped than either by hospital or residential care or unselective cash benefits.

HOSPITAL EXPENDITURE

Capital (£4.1m. - £1.4m. - addition)

36. Needs: Section III explained that it was estimated that about 12 per cent of the existing 63,000 hospital beds in Scotland are over 100 years old and that about 50 per cent date from the last century. There is an urgent need to replace these by a network of modern hospitals, well-sited to serve present-day concentrations of population.

37. The present programme: the present programme provisionally assumes capital expenditure of some £60m. in the quinquennium 1966/67 to 1970/71, directed to improved provision of beds for geriatric care, improved hospital maternity services and to starting new district general hospitals and redevelopment of existing major teaching hospitals. Provision for an increased programme is governed by the practical possibilities for extending the programme rather than by the need which would justify greater increases.

38. The first call on any increased allocation must be to maintain and if possible advance the construction of schemes which are at present being planned to start in the period up to 1970/71. These are the schemes of highest priority at present. It would be possible to advance the start of several major schemes by one or even two years against the dates that will be feasible in financial terms under the present programme, and to increase to some extent the number of minor schemes undertaken. Table B shows as a basis of illustration the same range of possible 1970-71 increases as was considered earlier for possible decreases: the balance proposed between major and minor schemes is deliberately weighted in favour of the former since they are of greater long term value. Table B also shows the additional allocations which would be needed in 1971/72, both to avoid a hiatus in the programme of starting dates and to prevent a falling
off in the level of expenditure following 1970/71.

39. The effect of these increases on the present planning figures is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Planning figures</th>
<th>Additions</th>
<th>Increased level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967/68</td>
<td>£m.</td>
<td>£m.</td>
<td></td>
</tr>
<tr>
<td>12.4</td>
<td></td>
<td></td>
<td>12.4</td>
</tr>
<tr>
<td>1968/69</td>
<td>£m.</td>
<td>£m.</td>
<td></td>
</tr>
<tr>
<td>13.3</td>
<td></td>
<td>1.0</td>
<td>13.3</td>
</tr>
<tr>
<td>1969/70</td>
<td>£m.</td>
<td>£m.</td>
<td></td>
</tr>
<tr>
<td>14.0</td>
<td></td>
<td>1.4 to 4.1</td>
<td>14.0</td>
</tr>
<tr>
<td>1970/71</td>
<td>£m.</td>
<td>£m.</td>
<td></td>
</tr>
<tr>
<td>14.9</td>
<td></td>
<td>16.3 to 19.0</td>
<td>14.9</td>
</tr>
</tbody>
</table>

Since the effect of any increase in the size of the programme would be concentrated mainly on large schemes, there would be some increase in the number of new beds and supporting services (mainly replacement).

40. There is no easy or convenient way (comparable for example with "school places") of expressing the product of this investment. But the following table gives a notional guide to the number of beds and their supporting facilities that would be affected by the various alternatives.

<table>
<thead>
<tr>
<th>Alternative D</th>
<th>Alternative E</th>
<th>Alternative F</th>
</tr>
</thead>
<tbody>
<tr>
<td>start advanced to 1970/71</td>
<td>3,400</td>
<td>3,100</td>
</tr>
<tr>
<td>start advanced to within four year period up to 1970/71</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>total</td>
<td>3,700</td>
<td>3,400</td>
</tr>
</tbody>
</table>

The schemes which would be advanced have not been finally identified but the list would comprise large important schemes such as the district general hospitals which have been deferred from earlier Hospital Plans and which it is hoped to start in the period 1971/72 to 1975/76 (e.g. those at Paisley, Southern Ayrshire, and West Lothian) further work at the major teaching hospitals, and schemes designed to upgrade and reduce overcrowding in mental hospitals, together with schemes to improve the basic hospital services.

41. Some of the schemes which could be accelerated are not included in the Review of the Hospital Plan for Scotland published in 1966, and accordingly any advancement which would bring them into the period up to 1970/71 would be publicly obvious. Some are listed schemes whose provisional starting dates cannot be maintained under the present programme.
<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alternative D</strong></td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>7.2</td>
<td>1970-71</td>
<td>1 year</td>
<td>-</td>
<td>1.0</td>
<td>0.7</td>
<td>0.5</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>33.4</td>
<td>1971-72</td>
<td>1 year</td>
<td>-</td>
<td>2.5</td>
<td>3.0</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40.6</td>
<td>-</td>
<td>0.1</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Alternative E</strong></td>
<td>2.3</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>7.2</td>
<td>1970-71</td>
<td>1 year</td>
<td>-</td>
<td>1.1</td>
<td>0.1</td>
<td>0.5</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23.4</td>
<td>1971-72</td>
<td>1 year</td>
<td>-</td>
<td>1.9</td>
<td>2.0</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>minor schemes</td>
<td>-</td>
<td>0.3</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>50.6</td>
<td>-</td>
<td>1.1</td>
<td>2.3</td>
<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Alternative F</strong></td>
<td>1.4</td>
<td>1</td>
<td>1.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.2</td>
<td>1970-71</td>
<td>1 year</td>
<td>minor schemes</td>
<td>-</td>
<td>1.1</td>
<td>0.1</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.8</td>
<td>1971-72</td>
<td>1 year</td>
<td>schemes</td>
<td>-</td>
<td>1.2</td>
<td>1.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14.0</td>
<td>-</td>
<td>1.4</td>
<td>1.4</td>
<td>1.4</td>
<td>1.4</td>
<td>1.4</td>
<td>1.4</td>
<td>1.4</td>
</tr>
</tbody>
</table>
(b) Hospital Revenue (£1.5m. additional expenditure)

42. The present annual rate of growth (3.5 per cent) is just over £3m. per annum rising to nearly £3.5m. in 1970/71. In 1967/68, 1968/69 and 1969/70 about half is required to meet the revenue consequences of capital schemes, leaving about £1.5m. or 1.75 per cent of the total, available for other developments of the service. In 1970/71 about 40 per cent will be absorbed by the revenue consequences of capital projects leaving about £2m. or 2.1 per cent for non-capital developments.

43. The growth of 1.75 per cent to 21 per cent annually for non-capital developments is substantially higher than the forecast increase in population. The trend of the load on the hospital service and of the cost of treating patients has already been described in the paragraphs dealing with possible savings, and although existing resources have dealt with greater numbers of patients, it is unlikely that it will be possible to continue to increase productivity to meet the expected increased demand.

44. While the full effect of the 3.5 per cent rate of growth available for Scottish hospitals may not yet have become fully evident, the hospital authorities are still conscious of many improvements required in the existing services and of their inability to develop some new techniques or treatments as quickly as they would wish because resources are not available. An increase in the rate of growth to 4 per cent by 1970/71 would, therefore, relieve some of these pressures; it would require an addition of £0.75m. accumulative by 1970/71 over the basic P.E.S.C. figures which would be achieved by £0.25m. in 1969/70 and a further £0.5m. in 1970/71.

45. As stated above in relation to general developments, it is not yet known what easement the present 3.5 per cent growth rate will provide in the level of expenditure on the maintenance of buildings and the replacement of equipment, but a further £0.75m. could profitably be used by the service on this category of expenditure by 1970/71.
The following table shows the revised pattern of expenditure:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecasts '1967' basic (£m)</td>
<td>91.911</td>
<td>95.011</td>
<td>98.340</td>
<td>101.765</td>
<td>105.484</td>
</tr>
<tr>
<td>Percentage</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Possible additions:

For general development:

| Annual (£m) | - | - | 0.25 | 0.5 | 0.5 |
| Cumulative (£m) | - | - | 0.25 | 0.75 | 1.25 |

| Increased level (£m) | 91.911 | 95.011 | 98.340 | 101.765 | 105.484 |
| Percentage per annum | 3.5% | 3.5% | 3.75% | 4.0% | 4.0% |

Further additions for maintenance:

| Annual (£m) | - | 0.25 | 0.25 | 0.25 | - |
| Cumulative (£m) | - | 0.25 | 0.75 | 0.75 | 3.75 |

| Further increased level (£m) | 91.911 | 95.261 | 99.09 | 103.285 | 107.484 |
| Total percentage increase per annum | - | 3.75% | 4.0% | 4.1% | 4.0% |

46. Although revenue consequences of capital projects might require slightly more than is provided in the basic P.E.S.C. forecasts if the rate of capital expenditure is increased, the effect is not likely to be significant since the increased capital would be used to bring forward starts rather than to speed up existing projects which might be commissioned by 1970/71. For present purposes, therefore, the effect in the year 1970/71 (leaving aside the further additions for maintenance) would be that the level of 2.1% for non-capital developments contained in the basic 3.5% growth rate would be increased to about 2.6% or £2.5m. The table in paragraph 45 projects the
higher growth rate forward into 1971/72 and the extra 0.5% would help to contain the high cost of revenue consequences of capital projects foreseen for that year without depressing overmuch the percentage available for non-capital developments; otherwise a substantial proportion of the 2.6% in 1970/71 would have to be used for non-recurring expenditure so that it could be carried forward into 1971/72 to help to maintain the level of non-capital developments.

47. Other progressions or a different division between general developments and maintenance could be considered, but it is important that there should be a reasonable assurance of any increase agreed up to 1970/71, especially for general development, continuing into later years in order to give hospital authorities a sound basis for planning and maintaining development of the service at the new level.

48. Health Centres (£.4m - addition)

As explained in section III the Scottish central health centre building programme presently provides for capital expenditure rising from £.16m. in 1967/68 to £.55m. in 1970/71. In view of the pressing need to accelerate and expand the programme, on which a limited start has now been made, the programme could usefully be augmented to the extent indicated in the following progressions:

<table>
<thead>
<tr>
<th>Year</th>
<th>£m. capital</th>
<th>£m. revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968/69</td>
<td>.1</td>
<td>.05</td>
</tr>
<tr>
<td>1969/70</td>
<td>.2</td>
<td>.1</td>
</tr>
<tr>
<td>1970/71</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>1971/72</td>
<td>.2</td>
<td>.1</td>
</tr>
</tbody>
</table>

LOCAL HEALTH AND WELFARE

Local authority capital expenditure (£.6m. - addition)

49. The main effects of an increase of this order would be to enable the increasing demand for health centres (in so far as provided by local authorities) to be met without curtailing the development planned for old people's homes,
and to make provision for part of such capital expenditure as is initially likely to arise in 1970/71 consequent on the re-organisation of social work services in Scotland on the lines set out in the White Paper on "Social Work and the Community" (Cmd. 3065).

50. In order to avoid a very sharp planning peak, a total increase of £0.6m. by 1970/71 could be spread progressively over the years 1968/69 to 1971/72 by increments of £0.1m., £0.2m., £0.3m., and £0.4m. (the higher figures in the two latter years partly reflecting the effects of social work reorganisation). This would permit the provision of 2-3 more health centres by local authorities and perhaps some 500 extra places in old people's homes as well as 50-60 places in centres and hostels for the mentally disordered and the maladjusted - without, however, making any appreciable inroad in replacing obsolete premises.

51. The latter could only be achieved on the assumption of a longer-term decision to devote a greater proportion of resources to local health and welfare services, thereby giving local authorities the necessary assurance to achieve sustained momentum. On that basis, a higher figure could be built up from 1968/69 onwards by annual progressions of £0.2m., £0.4m., and £0.6m., up to 1970/71, with a continuation of the latter figures in 1971/72. As well as enabling very substantial progress in the replacement of obsolete premises, it would, for old people's homes, be likely to secure the Scottish target of 25 places per thousand of population over the age of 65; and to fulfil a substantial part of the unmet need for assessment and residential facilities for the mentally disordered, the handicapped and the maladjusted.

Local authority revenue expenditure (£0.5m.)

52. About £0.4m. is likely to be required in 1970/71 as part of the welfare service contribution towards additional expenditure in that year directly attributable to the effects of social work reorganisation in Scotland. Bearing
in mind the revenue consequences of capital expenditure discussed in the
preceding paragraphs, and the desirability of developing existing services
for care of the elderly living at home, it is considered that the Scottish
basic forecast could usefully be increased in the following progression —
£.3m. in 1969/70, £.5m. in 1970/71 and £.6m. in 1971/72, thus increasing the
total growth rate for the three years to about 7-9%.

TRANSPORT FOR THE DISABLED (£.6m. - addition)

53. The proposals, announced in the Ministerial statement of 15th February,
1967 for making available small cars to three further small groups of the
disabled, and (subject to legislation) subsequently to other priority
groups, would provide for the supply in Scotland of 80 cars in 1969/69,
400 in 1969/70, 1,200 in 1970/71 and 1,000 in 1971/72. Allowing for
maintenance costs, expenditure would be £.05m. in 1968/69; £.2m. in 1969/70
and £.6m. for the following two years.

HEARING AIDS (£.3m. - addition)

54. A programme for replacement of the present obsolete N.H.S. hearing aid
by a modern head-worn hearing aid would in Scotland be likely to cost £.3m. a

SPECTACLE FRAMES (£.1m. - addition)

55. The inclusion in the N.H.S. range of spectacle frames of 2 or 3 new
frames of modern design would in Scotland be likely to result in increased
cost to the Exchequer (in dispensing fees and a slight increase in the use of
the service), estimated at £.05m. in 1968/69 and £.1m. a year thereafter.

RESEARCH AND DEVELOPMENT (£.5m. - addition)

56. It is equally important for the balanced development of the health and
welfare services in Scotland that progress should be made in automation, the
use of computers and research and development of medical supplies and
equipment, and that the Scottish service should equally benefit by direct
participation and association in practicability studies and other forms of research.

**TRAINING (£4m. - addition)**

57. There is equally in Scotland a need for further training ranging over the whole field. Implementation of the Salmon Committee recommendations for organised training of nurses is likely to cost of £1m. in Scotland, while proposals for management training of administrators as recommended by the National Staff Committee; for supervisory staff generally; and for postgraduate medical education, for O.P.S and hospital doctors, are likely to involve a further £3m. Improvements in the training facilities for ancillary workers and for professional and technical staff could absorb a further £1m. These developments together would be likely to cost £5m. in a full year, but bearing in mind the time necessary to organise and assemble resources for such a programme the provision for 1970/71 has been limited to £4m.
CABINET

PUBLIC EXPENDITURE: CIVIL REVIEWS:
SOCIAL SECURITY

Note by the Chancellor of the Exchequer

The civil review on social security carried out by officials circulated as C(67) 98 sets out in detail the various choices open to us, which are summarised in the relevant section of the official report "Public Expenditure: Areas of Choice" circulated as C(67) 102. This was prepared on the assumption that there would be an uprating of 9s. on the standard rate of national insurance for a single person at the end of October, 1967, in accordance with the Cabinet decision of 4th May, 1967 (CC(67) 28th Conclusions, Minute 4). Ministers subsequently decided on 15th June, 1967 (CC(67) 39th Conclusions, Minute 4) that the uprating should be 10s. The civil expenditure review has therefore been amended, and the revised copy is attached.

L.J.C.

Treasury Chambers, S.W.1.

22nd June, 1967
Review of Civil Expenditure to 1971-72

Social Security Benefits

PART I - INTRODUCTION

The 1966 Public Expenditure Survey

1. Public expenditure survey forecasts for social security benefits make allowance for periodic increases of benefit rates in line with the forecast movement in real earnings. The further increase which would be required to take account of future price movements is not shown.

2. The amount allocated to social security benefits in the National Plan was in practice arrived at by estimating the cost of increasing benefits (but not family allowances) from 1965-66 in line with the assumed rise in real earnings per head, together with an allowance of rather more than £20 million for the introduction of earnings-related unemployment benefit and a further £60 million for other reforms. Changes since then, in particular the widening of the scope of the earnings-related short-term benefits and the introduction of the supplementary benefits scheme, meant that in the 1966 Survey report there was no room in the basic programme for further improvements. The figures for the basic programme in that report accordingly represented the cost of continuing the present benefits and keeping the main rates in line with earnings, except for the uprating in 1967, which was fixed at 1s. less (in terms of the single rate of retirement pension) than the earnings criterion would have produced in order to recoup part of the cost of the supplementary benefits scheme. The figure in the 1966 report for expenditure in 1970-71 was £3,201 million which, when revalued at 1967 prices, becomes £3,303 million.

Background: Changed Assumptions in the present Review

3. One of the main reasons for the review was that "present public expenditure policies were based on the expectation that we should achieve a higher rate of economic growth than now seems likely" (P.E.(67)2, paragraph 5). One effect of slower growth is that real earnings rise more slowly. Thus the estimates of future expenditure on social security benefits,
which are calculated by reference to the rise in real earnings, are automatically reduced by the lower assumption about growth. In other words, raising benefit rates in line with earnings means that beneficiaries under the social security system, like the wage-earner, will get a smaller improvement in their standard of living than was expected. To this extent expenditure on these benefits, unlike other public expenditure programmes, is self-adjusting to the rate of growth without any change of policy. At the same time, the level of unemployment is expected to be higher than was assumed last year, and expenditure on social security benefits is peculiarly sensitive to the level of unemployment.

4. In the present Survey the basic programme for social security benefits takes account of the Cabinet decision that benefits should be raised at the end of October 1967 by 10s. Od. in money terms, on the single rate of retirement pension. Thereafter the calculation of the basic programme allows for the main benefit rates to rise in line with real earnings. On the latest assumptions about the movement of earnings, an increase of 10s. in the pension rate at the end of October 1967 is 1s. 5d. below what the rise in earnings would justify instead of the 1s. Od. assumed in last year's report. This will result in savings of £13 million in 1970-71. Moreover, because real earnings will have risen more slowly than was assumed last year, an up-rating in line with earnings (less 1s.) would itself have been a smaller improvement in benefits than was implicit in last year's report, and this represents a further reduction in estimated expenditure in 1970-71 of some £40 million a year. The slower growth now forecast for the period October 1967 to April 1970 represents a reduction in the rate of improvement of benefits in absolute terms (though not relative to the standard of living of the rest of the community) and a further reduction in estimated expenditure of £100 million.

5. On the other hand, the estimates allow for a higher number of beneficiaries, costing an extra £60 million in 1970-71, of which £52 million is due to the higher number of unemployed. This is in line with the figures used for the 1967 PBSC returns, which were based on the January forecast of future unemployment levels (see Table 1 below). Any variation in these figures, e.g. as a result of the introduction of a regional employment premium, would affect the estimates of cost. A reduction of 50,000 in the
annual average of unemployed would reduce social security expenditure by about £20 million a year.

6. In previous public expenditure surveys the annual figures have been based on the assumption that benefit rates are raised on 1st April each year, though in practice up-ratings of contributory benefits have only taken place in recent years at intervals of between two and three years. A decision has now been reached that the 1967 up-rating will take place in October, some 2½ years after the last increase. In view of this background, a more realistic assumption has been made this year, viz., that for the time being up-ratings will take place at intervals of about two years. It is therefore assumed in the present survey that after the up-rating of October 1967 the next up-rating will take place on 1st October, 1969. As compared with the 1966 Survey figures, this assumption produces a further reduction in expenditure in each year from 1968-69 onwards, the reduction for 1970-71 being £37 million.

7. The following tables set out the different assumptions made for the 1966 and 1967 Surveys up to 1970-71, and show the effect of this on the estimate for 1970-71 at 1967 prices, together with a summary of the position in the preceding years.
### Table 1

**Assumptions made for 1966 and 1967 Surveys**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Earnings minus 1s. 0d. on 1st June (11s. 4d. cash)</td>
<td>10s. cash on 31st October</td>
</tr>
<tr>
<td></td>
<td>3.6% a year</td>
<td>3.0% a year</td>
</tr>
<tr>
<td>1967 uprating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsequent rise in real earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsequent uprating dates</td>
<td>1st April, 1968, 69, 70</td>
<td>1st October, 1969</td>
</tr>
<tr>
<td>Unemployment 1967/8</td>
<td>375,000</td>
<td>600,000</td>
</tr>
<tr>
<td>1968/9</td>
<td>375,000</td>
<td>600,000</td>
</tr>
<tr>
<td>1969/70</td>
<td>350,000</td>
<td>525,000</td>
</tr>
<tr>
<td>1970/71</td>
<td>350,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Estimate for 1970/71</td>
<td>£ million</td>
<td></td>
</tr>
<tr>
<td>National Insurance</td>
<td>2,518</td>
<td>2,402</td>
</tr>
<tr>
<td>War Pensions</td>
<td>131</td>
<td>123</td>
</tr>
<tr>
<td>Supplementary Benefits</td>
<td>376</td>
<td>373</td>
</tr>
<tr>
<td>Family Allowances</td>
<td>168</td>
<td>166</td>
</tr>
<tr>
<td>Administration</td>
<td>110</td>
<td>115</td>
</tr>
<tr>
<td>Total</td>
<td>3,303</td>
<td>3,179</td>
</tr>
</tbody>
</table>

### Table 2

**Causes of variation in 1970-71 from 1966 to 1967 estimate**

<table>
<thead>
<tr>
<th>Lower benefits</th>
<th>Higher Unemployment</th>
<th>Numbers of children, sick and pensioners</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Insurance</td>
<td>- 167</td>
<td>+ 44</td>
<td>+ 7</td>
</tr>
<tr>
<td>War pensions</td>
<td>- 8</td>
<td>N11</td>
<td>N11</td>
</tr>
<tr>
<td>Supplementary benefits</td>
<td>- 14</td>
<td>+ 8</td>
<td>+ 3</td>
</tr>
<tr>
<td>Family Allowances</td>
<td>N11</td>
<td>N11</td>
<td>- 2</td>
</tr>
<tr>
<td>Administration²</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>- 189</td>
<td>+ 52</td>
<td>+ 8</td>
</tr>
</tbody>
</table>

² Excludes £1.5 million in 1966.
# Summary of Variations over the period 1967-68 to 1970-71

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£ million</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1966 Survey revalued at 1967 prices</strong></td>
<td>2,886</td>
<td>3,028</td>
<td>3,168</td>
<td>3,303</td>
</tr>
<tr>
<td>Variations due to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in numbers</td>
<td>+ 17</td>
<td>+ 25</td>
<td>+ 17</td>
<td>+ 8</td>
</tr>
<tr>
<td>Lower benefits</td>
<td>- 82</td>
<td>-136</td>
<td>-164</td>
<td>-189</td>
</tr>
<tr>
<td>Higher unemployment</td>
<td>+ 82</td>
<td>+ 75</td>
<td>+ 59</td>
<td>+ 52</td>
</tr>
<tr>
<td>Administration δ</td>
<td>+ 1</td>
<td>- 2</td>
<td>- 2</td>
<td>+ 5</td>
</tr>
<tr>
<td><strong>1967 Survey</strong></td>
<td>2,904</td>
<td>2,990</td>
<td>3,078</td>
<td>3,179</td>
</tr>
</tbody>
</table>

*Uprating in October 1967 of 10s. Od. which leads to savings of £13 million in 1970-71 as compared with an uprating in line with real earnings less 1s. Od. and then in line with the increase in real earnings on 1st October 1969 and 1st October 1971. The effect of biennial up-ratings is included in this figure and represents a reduction in estimated expenditure of the order of £30 million in 1968-69, £33 million in 1969-70 and £37 million in 1970-71.*

δChanges due to delay in computerisation, and increased administrative costs arising from more unemployed and other beneficiaries; partly offset by contribution from S.E.T. towards cost of administering the stamp.
New Policies under consideration

8. Quite apart from any decision which might be taken in the context of the civil review, there are two major changes under consideration by Ministers. The first is family endowment: Ministers have agreed to resume their consideration of the form of an increase in family endowment in the light of this review of public expenditure; some room must, therefore, be left for family endowment but it is not possible at present to quantify it. The second is the earnings-related pension scheme: it now seems unlikely that this could be in operation before April 1972, so that it would not affect the estimate for 1970-71; but this prospective major new commitment must be borne in mind in reaching decisions on other changes in the programme for social security up to 1970.

PART II - THE -7½% AND +5% EXERCISE

What a 7½% saving would involve

9. A saving of 7½ per cent on the revalued 1966 Survey figure of £3,303 million in 1970-71 would be about £248 million. Against this, the combination of (a) the slower rise in benefit rates resulting from the slower growth now expected, and from the Cabinet decision about the 1967 uprating (b) the higher unemployment rate and (c) the assumption that up-ratings would take place at two-year intervals for the time being would together give a reduction in expenditure of about £124 million compared with last year's revalued total.

10. However, officials were asked to consider savings against what would be required for "continuance of the policies for which provision was included in the 1966 basic programmes" (P.E.(67)3, paragraph 7). This has been taken to mean that the saving of 7½ per cent should be measured against the revised cost of the programme after taking account of changes due to the revised assumptions about earnings, unemployment, and the intervals between up-ratings. These factors account for a reduction in the revalued 1966 figures of about £110 million, leaving £3,192 million. Thus the saving would need to be about £238 million in 1970-71. Of this £13 million has already been achieved by holding back the 1967 uprating from 10s. 5d. to 10s. 0d., and this has been allowed for in Tables 1 and 3.

11. The basic programme in the 1966 Survey contained no margin beyond what was needed to continue the present range of benefits and increase the main rates in line with earnings (apart from the 1s. out in 1967 - see para.2).
All the expenditure is on benefit apart from the marginal amounts necessarily spent on administration and the cost of very minor welfare services. Therefore the only possible ways of securing substantial savings are by postponing or reducing the amount of benefit increases and cutting out selected benefits or restricting the circumstances in which they are paid.

Postponement of up-ratings

12. A lengthening of the interval between up-ratings to more than the assumed two years would save money in certain years, to the extent that expenditure on improved rates was postponed, but it would not necessarily save money in other years. This is on the assumption that when benefits were up-rated they would be increased in line with the latest rise in real earnings. The following table shows the further savings (-) or extra cost (+) in different years resulting from postponement of the up-rating beyond October 1969 (assuming a corresponding postponement of the up-rating otherwise due in October 1971):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1st April 1970</td>
<td>- 69</td>
<td>+ 35</td>
<td>- 40</td>
</tr>
<tr>
<td>1st October 1970</td>
<td>- 69</td>
<td>- 35</td>
<td>Nil</td>
</tr>
</tbody>
</table>

13. Postponement to April 1970 would mean going through three winters without an up-rating for the first time since 1961 and legislation in the winter when pressure for immediate improvement would be strongest. Postponement to October 1970 would mean a three-year interval.

Reducing the amount of the 1969 uprating

14. Granted an up-rating in October 1969, it would be possible to reduce expenditure by again raising benefits by a smaller amount than the rise in earnings would justify. The following paragraphs consider three ways of doing
by holding back all benefits to the same degree, or by holding back contributory benefits only, or by holding back non-contributory benefits only. In each case we set out the effect of uprating these benefits instead (a) in line with prices (which would deny those concerned any improvement in their standard of living); (b) in line with personal consumption per head of the population (estimated to increase by 2.5% a year over the relevant period if the growth rate is, as in this exercise assumed to be 3.0%); and (c) in line with earnings less an arbitrary amount of 3s. It would of course be possible to hold back contributory benefits in one of these ways and non-contributory benefits in another: savings would then roughly equal the sum of the savings from each course.

(a) Holding back all benefits

15. The maximum saving would be achieved by uprating all benefits to take account only of the movement of prices from October, 1967. This would save £140 million in 1970/71 compared with an uprating in line with real earnings, which is rather more than half of the total saving called for in this exercise. To secure the full saving in this way would mean increasing benefits by 4.6% less than the percentage rise in prices. If for example prices increased by 6% between October, 1967 and October, 1969, an uprating in line with prices (saving £140 million) would be 5s. 6d.; but if the balance of the saving (£87 million) had to be found by giving less than a prices increase, the uprating would be only 2s. 6d.

16. The effect of the three alternative ways of holding back all benefits year by year (assuming a 1971 uprating in line with the movement in real earnings from October 1969) would be:

<table>
<thead>
<tr>
<th></th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Uprating in line with:</strong></td>
<td>1969-70</td>
</tr>
<tr>
<td>Prices</td>
<td>- 69</td>
</tr>
<tr>
<td>Consumption</td>
<td>- 10</td>
</tr>
<tr>
<td>Earnings less 3s.</td>
<td>- 41</td>
</tr>
</tbody>
</table>

(b) Holding back contributory benefits

17. It would be possible to concentrate on improving the real value of means-tested benefits in order to help the poorest, whilst increasing contributory...
benefits by some smaller amount. If in October 1969 non-contributory benefits were uprated in line with real earnings but contributory benefits and war pensions were held back, the following savings would be achieved (assuming the gap was maintained but not increased in 1971):

<table>
<thead>
<tr>
<th></th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributory benefits</strong></td>
<td></td>
</tr>
<tr>
<td>Prices</td>
<td>-51</td>
</tr>
<tr>
<td>Consumption</td>
<td>-6</td>
</tr>
<tr>
<td>Earnings less 3s.</td>
<td>-25</td>
</tr>
</tbody>
</table>

These figures would be reduced to the extent that extra people were brought on to supplementary benefits.

18. Such a step at the 1969 uprating need not be represented as a permanent shift of policy. The relative worsening of the level of contributory benefits could either be rectified at the next uprating if Ministers then felt able to increase contributory benefits more than non-contributory ones; or it could be maintained as a permanent gap in relation to means-tested benefits; or it could be repeated at future upratings. If concentration on means-tested benefits in this way were adopted as a long-term policy, it could produce larger savings a few years ahead. It is, however, doubtful whether such a course would produce substantial savings in the long run because it would be less worth while to build up occupational pensions and other forms of savings, and this could lead to increased reliance on supplementary benefits. The Ministry of Social Security further consider that holding back contributory benefits in 1969, unless the amount withheld were restored in 1971, would be inconsistent with the aim of developing an earnings-related pension scheme after 1970; it would certainly make it much more difficult to devise a scheme which had any hope of raising the pensions of most people above the means-tested level (see paragraph 27).

(c) Holding back non-contributory benefits

19. At the other extreme would lie the possibility of holding back the increase in supplementary benefits in 1969, whilst raising contributory benefits and war pensions in line with earnings. This would achieve the following savings (assuming the gap was maintained but not increased in 1971):
Means-tested benefits uprated in line with:  

<table>
<thead>
<tr>
<th>Year</th>
<th>Prices</th>
<th>Consumption</th>
<th>Earnings less 3s.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969-70</td>
<td>-22</td>
<td>-4</td>
<td>-13</td>
</tr>
<tr>
<td>1970-71</td>
<td>-44</td>
<td>-8</td>
<td>-27</td>
</tr>
<tr>
<td>1971-72</td>
<td>-47</td>
<td>-9</td>
<td>-28</td>
</tr>
</tbody>
</table>

20. Again, such a step in 1969 need not be represented as a permanent shift of policy. As a long-term policy, concentration on contributory benefits could be justified on the grounds that (a) means-tested benefits are wholly provided by the State and need not necessarily move in line with contributory benefits, and/or (b) means-tested benefit had already reached a level which ensured a tolerable income for living expenses to those whose other resources were insufficient, and that, having achieved this objective, further real improvements should be concentrated on the benefits to which the individual had contributed. This would however, mean that on the occasion of the uprating the 2 million or so retirement pensioners with supplementary pensions would receive a smaller increase in their total income than retirement pensioners who were somewhat better off. The poorest would thus be receiving least, but on the other hand the others would have allegedly paid for their higher benefit. Such a step in 1969, if not rectified in 1971, could help in raising more pensioners above the means-tested level before the introduction of the earnings-related scheme (see paragraph 27).

Cutting out benefits or restricting the conditions of award

21. It has been assumed that there can be no question of removing from any group of people an existing entitlement to such main benefits as retirement pension, widow’s benefit, unemployment and sickness benefit, war pensions and industrial disablement benefit. Nor, presumably, would Ministers wish to modify the recently-introduced supplementary benefits scheme. Savings in family allowances have not been considered since the problem of family endowment is before Ministers. If savings had to be found by limiting the coverage of benefits, they would therefore have to be sought on the fringes of the main benefits or among the minor benefits in the insurance schemes. The following are illustrations of what would need to be done to secure substantial savings in this way:-
Means-tested benefits uprated in line with:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices</td>
<td>-22</td>
<td>-44</td>
<td>-47</td>
</tr>
<tr>
<td>Consumption</td>
<td>-4</td>
<td>-8</td>
<td>-9</td>
</tr>
<tr>
<td>Earnings less 3s.</td>
<td>-13</td>
<td>-27</td>
<td>-28</td>
</tr>
</tbody>
</table>

20. Again, such a step in 1969 need not be represented as a permanent shift of policy. As a long-term policy, concentration on contributory benefits could be justified on the grounds that (a) means-tested benefits are wholly provided by the State and need not necessarily move in line with contributory benefits, and/or (b) means-tested benefit had already reached a level which ensured a tolerable income for living expenses to those whose other resources were insufficient, and that, having achieved this objective, further real improvements should be concentrated on the benefits to which the individual had contributed. This would however, mean that on the occasion of the up-rating the 2 million or so retirement pensioners with supplementary pensions would receive a smaller increase in their total income than retirement pensioners who were somewhat better off. The poorest would thus be receiving least, but on the other hand the others would have allegedly paid for their higher benefit. Such a step in 1969, if not rectified in 1971, could help in raising more pensioners above the means-tested level before the introduction of the earnings-related scheme (see paragraph 27).

Cutting out benefits or restricting the conditions of award

21. It has been assumed that there can be no question of removing from any group of people an existing entitlement to such main benefits as retirement pension, widow's benefit, unemployment and sickness benefit, war pensions and industrial disablement benefit. Nor, presumably, would Ministers wish to modify the recently-introduced supplementary benefits scheme. Savings in family allowances have not been considered since the problem of family endowment is before Ministers. If savings had to be found by limiting the coverage of benefits, they would therefore have to be sought on the fringes of the main benefits or among the minor benefits in the insurance schemes. The following are illustrations of what would need to be done to secure substantial savings in this way:
(a) **Death Grant.** This is a benefit designed to help with funeral expenses. The costs incurred in funerals are usually much more than the amount of the grant. The grant has only been increased once — from £20 to £25 in 1958 — but in the context of the 1967 uprating the Ministry of Social Security have proposed an increase to £30. Grants are not paid for people over pension age in 1948, and half-rate grants are paid for people within ten years of pension age at that time. To cut out the grants completely would save £10 million in 1970-71. But contributions have been paid for this benefit for nearly twenty years and there would be great pressure for at least some measure of preservation of existing rights, which if conceded would greatly reduce the saving for some years ahead.

(b) **Maternity benefit.** A maternity allowance is paid at the same rate as sickness benefit, during a period of 18 weeks spanning the birth, to women who have been working and paying contributions. It might be possible, particularly now that earnings-related sickness benefit can be paid with maternity allowance, to get rid of the maternity allowance as a separate benefit and to rely solely on sickness benefit. Incapacity could be deemed for six weeks before the birth, for the week of the birth and for the four weeks after the birth, but outside that period benefit might be paid only on proof of incapacity. This would reduce the period for which benefit was automatically paid from 18-11 weeks. The saving might be of the order of £4 million a year. There is also a grant paid for each birth where the mother or her husband is insured. The present amount is £22. To stop paying this grant would save about £26 million in 1970-71 but, if traditional concessions had to be made, the saving would be greatly reduced. If it were retained but not uprated in line with earnings in 1969, there would be a saving of the order of £1 million or so in 1970-71 and more after subsequent up-ratings.

(c) **Waiting days.** Unemployment and sickness benefit are not paid for the first three days of a spell off work unless the spell lasts for 12 days, in which case payment for the waiting days is made in arrears.
The waiting period for earnings-related supplements to unemployment and sickness benefits is 12 days and no payment is made for those days. It might be possible, after a reasonable period of notice, to bring these two waiting periods together and have six absolute days (i.e. with no payment for them however long unemployment or sickness lasts) for both flat-rate and earnings-related benefits. It could be argued that in these days many people are paid sick pay by their employers at least for short periods of sickness and this practice is growing, with encouragement from the Government. Many unemployed receive payments of one kind or another on cessation of work which should see them through a waiting period of a week. The change would simplify administration. On the other hand, such a proposal to worsen the provision for the early days of unemployment and sickness in this way would be strongly resisted by the T.U.C. and by workers generally, as liable to cause undue hardship. There would usually be a fortnight between the last payment of wages and the first payment of benefit. For those with no sick pay or redundancy payments and without refund of tax (often the larger families) the only recourse would be supplementary benefit. If, nevertheless, the arrangement for six absolute waiting days were in force throughout 1970-71 and were to be applied also to injury benefit, the net savings in that year would be of the order of £25 million. If the present numbers of waiting days were retained but the 3 waiting days for flat-rate benefit made absolute, the net savings would be about £15 million.

(d) Injury benefit. This is paid for incapacity for work resulting from industrial accident or disease for a period up to six months. After that disablement pension and various supplementary allowances can be paid (on top of sickness benefit if the man is still off work). Injury benefit includes an element of compensation and is, therefore, at a higher rate than sickness benefit - by £2 15s. at the present time. The earnings-related supplements
to sickness benefit can also be paid during the injury benefit period. It would be technically feasible to cut out injury benefit and leave sickness benefit to do the work but this would mean that most people suffering industrial accidents would receive no compensation for their injuries in return for their contributions. There might also be pressure to allow disablement pensions to be drawn sooner if the buffer of injury benefit were withdrawn. This would have to be resisted, because any major concession on these lines would cost more than the original savings. If, nevertheless, injury benefit were abolished without any change in the disablement benefit rules, the savings in 1970-71 would be about £13 million.  

Summary of possible savings

22. The savings which would result from adopting these possible courses are summarised below. They add up at the maximum to 7.2% apart from the reductions in expenditure resulting from changed assumptions given in Table 3. £13 million of these savings (0.4%) has already been achieved by the Cabinet decision about the 1967 uprating.
<table>
<thead>
<tr>
<th>Items</th>
<th>Saving in 1970-71</th>
<th>% of £3192 m.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£ million</td>
<td></td>
</tr>
<tr>
<td>1. 1967 uprating of 10s. Od. instead of 10s. 5d.</td>
<td>13</td>
<td>0.4</td>
</tr>
<tr>
<td>2. 1969 uprating (alternatives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Prices only</td>
<td>140</td>
<td>4.4</td>
</tr>
<tr>
<td>(b) Earnings less 3s. 0d.</td>
<td>83</td>
<td>2.6</td>
</tr>
<tr>
<td>(c) Consumption</td>
<td>23</td>
<td>0.7</td>
</tr>
<tr>
<td>(d) Supplementary benefits with earnings, N.I. with prices</td>
<td>92</td>
<td>3.0</td>
</tr>
<tr>
<td>(e) N.I. benefits with earnings, Supplementary benefits with prices</td>
<td>44</td>
<td>1.4</td>
</tr>
<tr>
<td>(f) Uprating deferred to October 1970</td>
<td>35</td>
<td>1.0</td>
</tr>
<tr>
<td>3. Death grant abolished</td>
<td>10</td>
<td>0.3</td>
</tr>
<tr>
<td>4. Maternity grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) abolished or</td>
<td>26</td>
<td>0.8</td>
</tr>
<tr>
<td>(b) not uprated in line with earnings</td>
<td>4</td>
<td>0.13</td>
</tr>
<tr>
<td>5. Maternity allowance replaced by 11 weeks' sickness benefit</td>
<td>4</td>
<td>0.1</td>
</tr>
<tr>
<td>6. Waiting days for short-term benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) 6 absolute waiting days for flat-rate and graduated, or</td>
<td>25</td>
<td>0.8</td>
</tr>
<tr>
<td>(b) 3 absolute days for flat-rate</td>
<td>15</td>
<td>0.5</td>
</tr>
<tr>
<td>7. Industrial injury benefit replaced by sickness benefit</td>
<td>13</td>
<td>0.4</td>
</tr>
</tbody>
</table>
What could be done with a 5 per cent increase in expenditure

23. A 5 per cent increase in expenditure calculated on the same basis as the 7½ per cent saving (see paragraph 10) would be about £160 million in 1970-71.

Family Endowment

24. The first claim for additional expenditure will presumably be a scheme of family endowment, but until Ministers have reached a decision on this it is not possible to put a figure on it.

Contingency allowance

25. The basic programme for social security benefits in 1966 contained no allowance (on top of the cost of increasing benefits in line with real earnings) for the small running adjustments which need to be made from time to time in the national insurance, war pensions and other schemes. Recent examples are the raising of the earnings limits for retirement pensions, the reciprocal agreements with the Republic of Ireland and the exceptionally severe disablement allowance for war and industrial disablement pensioners following the McCorquodale Committee Report. Whatever decisions are taken about the general level of provision, it would be more realistic to have a specific sum set aside for these contingencies. A sum of £15 million in 1970-71 would enable the M.S.S. to take on cumulative commitments at about £4 million a year over the next four years.

Benefit rates

26. The cost of a new earnings-related pension scheme has been left out of account (see paragraph 8). The philosophy of the scheme proposed by the M.S.S. and now under consideration by Ministers is to build up the pensions of people reaching pension age after the new scheme starts until, after the scheme has matured, new pensions would be awarded which gave a sufficient proportion of previous average earnings for most people to be free from the need to apply for means-tested supplementation, whilst giving, to the higher-paid, pensions more nearly related to their pre-retirement earnings. The new scheme would, however, do nothing for the existing generation of pensioners.
27. A good deal of the cost of the proposed scheme would arise from lifting the general level of pensions above that of the means-tested benefit. This would be a reflection of the fact that the present pension is low in relation to average earnings and even to the level of means-tested supplementary benefits. Clearly the building-up of new pensions under the earnings-related scheme would be more acceptable if some improvement could be made in the meanwhile to the existing pensions, so that there would be less disparity between them and those payable under the new scheme. The argument for doing this in 1969 is that it would coincide more nearly with legislation for the new scheme, when the question might become a live one; but it could be done in 1971.

28. One of the difficulties here is that this would mean holding back the level of supplementary benefits relative to retirement pensions, which would be open to the criticism that the Government were giving smaller increases to those most in need (cf. para. 20). If, however, Ministers felt able to withstand this charge, it would be possible, for example, to raise supplementary benefits sufficiently in 1969 to make good the Is. 5d. cut in 1967, whilst increasing the rate of retirement pension by, say, an extra 5s. 0d. on top of this (i.e. by 6s. 5d. in all more than the increase in earnings would require) allowing for the effect of this on other national insurance benefits, war pensions, etc., the extra cost of this in 1970-71 might be about £133 million. The cost would subsequently increase at first with the growth of the pensioner population but decrease eventually as the new scheme matured.

Improvement in pension increments

29. At present retirement pension increments are 1s. a week for every 12 extra contributions after retirement age has been reached. But it is proposed in the 1967 uprating to improve them to 1s. a week for every nine contributions paid thereafter. However this will still not give a full return for pension foregone and extra contributions paid. There is thus a prima facie case for further improvement. Some improvements might encourage older people to stay on in work beyond minimum pension age; an increase in increments might be more effective than a small all-round increase in pensions in getting a substantial number of people above the level of supplementary benefits. It could also pave the way to a more flexible system of retirement ages if the Government were to decide that this was a desirable...
development in a new scheme. On the other hand this would be an expensive form of incentive because it would have to be paid to those who would have stayed on anyway. If the change were made in the near future, the net additional cost in 1970-71 as compared with the proposed arrangements would be approximately £3 million (about £5 million compared with the present arrangements) rising to about £30 million by the end of the century, without allowing for the effect on retirement practice, which it is impossible to assess.

Widow’s benefit

30. Some easement of the conditions for widow’s benefit has been strongly pressed. At present a woman under age 50 who has no qualifying children cannot get a permanent widow’s pension. If the qualifying age were reduced to age 35 the cost in 1970-71 would be of the order of £20 million. A short sliding scale might be introduced for ages immediately above age 35 to avoid an abrupt transition: this would reduce the cost slightly. It is thought that a qualifying age of 35 could be held without any difficulty since there is no pressure for a permanent pension for the young childless widow (in fact, the additional cost of having no qualifying age at all would be no more than £1 million). The only repercussions would be on the industrial injuries scheme and the war pensions scheme which have slightly different rules; the cost of assimilating these would be minimal.

The chronic sick

31. The problem of the chronic sick is attracting increasing attention, and it may well be desirable to do something more for them by 1970. One possibility which has been examined is the introduction of some kind of constant attendance allowance or helplessness allowance for the most seriously disabled. If an allowance of £3 a week were provided but the qualifying conditions could be kept very tightly drawn, the cost would probably not exceed £10 million a year.

Summary of suggestions for additional expenditure

32. The cost of the alternative suggestions for additional expenditure put forward in paragraphs 24 to 31 can be summarised as follows (not in order of priority):-
<table>
<thead>
<tr>
<th>Item</th>
<th>Cost in 1970-71</th>
<th>% of £3,192 m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Family endowment</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>2. Realistic allowance for contingencies</td>
<td>15</td>
<td>0.5</td>
</tr>
<tr>
<td>3. Increasing N.I. benefits in 1969 by 6s. 5d. more than planned and supplementary benefits by 1s. 5d.</td>
<td>133</td>
<td>4.2</td>
</tr>
<tr>
<td>4. Lowering qualifying age for widow's benefit</td>
<td>20</td>
<td>0.6</td>
</tr>
<tr>
<td>5. Improvements in pension increments</td>
<td>3 *</td>
<td>0.1</td>
</tr>
<tr>
<td>6. Constant attendance allowance of £3 for chronic sick (minimum scheme)</td>
<td>10</td>
<td>0.3</td>
</tr>
</tbody>
</table>

* Rising to about £30 m. eventually.

The path to 1970-71

33. Savings or extra expenditure from changes in 1969 uprating (paragraph 22 item 2) would, on the assumption in this report, take effect from October, 1969, and their effect would therefore be felt for 6 months in 1969-70 and fully in 1970-71 and 1971-72. Other measures to achieve savings (paragraph 22 items 3-7) could only be brought into operation after a reasonable period of notice, and even if legislation were introduced soon it is unlikely that there would be much effect before 1970-71. Expenditure in 1968-69 is effectively governed by the size of the 1967 uprating, on which a Cabinet decision has already been taken, yielding savings of £13 million in 1970-71. Other measures to achieve increases (paragraph 32 items 4-6) could take effect as soon as legislation could be prepared and passed.
CABINET

PUBLIC EXPENDITURE; CIVIL REVIEWS; HOUSING

Memorandum by the Chancellor of the Exchequer

I attach for the information of my colleagues the civil review carried out by officials on housing expenditure. This sets out in detail the various choices open to us, which are summarised in the relevant section of the official report "Public Expenditure; Areas of Choice" circulated as C(67) 102.

L.J.C.

Treasury Chambers, S.W.1.

15th June, 1967
Background

PART A: ENGLAND AND WALES

I EXPOSITION

Housing Expenditure in 1970/71
Local authority and new town programme: Numbers
Standards
Housing Yardsticks
Reservations

II THE RANGE OF CHOICES

The basic programme
Reduction in authorised programme of approvals
Housing needs in Great Britain
Effect on authorities' settled programmes of reducing the authorised programme
Augmented basic programme
Standards
Garages
Exchequer subsidies
 Loans for house purchase
Other possible savings

III SUMMARY AND CONCLUSIONS: ENGLAND AND WALES

The range of choices
Adjusting housing investment
Adjusting local authority lending
Implications for expenditure in 1968/69 and 1969/70

PART B: SCOTLAND

IV EXPOSITION

Housing Expenditure
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An increase of 5%
A reduction of 7½%

VI SUMMARY AND CONCLUSIONS: SCOTLAND

ANNEX A: Public sector housing in the United Kingdom. Estimated starts and completions on existing authorised programme.

ANNEX B: Dwellings approved for tender with Parker Morris standards.
ANNEX C: Proposed additional programme for new towns and local authorities in England and Wales to provide 250,000 public sector completions in the United Kingdom in 1970.

ANNEX D: Improved housing standards.

ANNEX E: Savings on other aspects of housing expenditure.
HOUSING EXPENDITURE REVIEW
Report by the Official Committee on Housing

Background

1. Ministers have decided that civil public expenditure should be reviewed with the objective of reducing the total of basic programmes in 1970/71, as forecast in the 1966 P.E.S.C. report, by between £200 and £300 million. Separate reviews are being made of each of the five largest civil programmes, one of which is Housing.

2. The review is required to show alternative ways of achieving a reduction of about 7½% or an addition of about 5% in 1970/71, with an appropriate progression for the years 1968/69 and 1969/70 and a projection for 1971/72, together with a text bringing out the policy implications of the possible changes.

3. It is intended that the review of housing expenditure should not be restricted solely to housing investment and subsidies but should also extend to "Other Housing". This permits the notional increase of 5% and reduction of 7½% to be applied to the total housing expenditure under all heads. It must be recognised however that within this total there are three very different kinds of expenditure. Housing investment expenditure represents fixed investment in new houses by the public sector. The expenditure classified under subsidies and improvements consists of grants which directly or indirectly affect private expenditure on housing. Expenditure falling under "Other Housing" is mainly mortgage lending.

PART A: ENGLAND AND WALES

I. EXPOSITION

Housing Expenditure in 1970/71

4. Estimated housing expenditure (at 1967 prices) in 1970/71 on the basic programme is summarised in Table 1 below:

TABLE 1
### TABLE 1

**Summary of Housing Expenditure on the basic programme in 1970/71**  
**England and Wales**

<table>
<thead>
<tr>
<th></th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Housing investment</strong></td>
<td></td>
</tr>
<tr>
<td>(i) Local authorities</td>
<td>634.7</td>
</tr>
<tr>
<td>(ii) New towns</td>
<td>45.6</td>
</tr>
<tr>
<td></td>
<td>680.3</td>
</tr>
<tr>
<td><strong>2. Subsidies and improvements</strong></td>
<td></td>
</tr>
<tr>
<td>(i) Housing Subsidies Bill</td>
<td>66.5</td>
</tr>
<tr>
<td>(ii) Other subsidy legislation (including miscellaneous items)</td>
<td>89.5</td>
</tr>
<tr>
<td>(iii) Mortgage option scheme</td>
<td>37.7</td>
</tr>
<tr>
<td>(iv) Rate fund contribution</td>
<td>16.6</td>
</tr>
<tr>
<td>(v) Improvement grants</td>
<td>17.5</td>
</tr>
<tr>
<td></td>
<td>227.8</td>
</tr>
<tr>
<td><strong>3. Other housing</strong></td>
<td></td>
</tr>
<tr>
<td>(i) Loans for house purchase (net of repayments)</td>
<td>- 31.0</td>
</tr>
<tr>
<td>(ii) Advances to Housing Corporation etc.</td>
<td>14.2</td>
</tr>
<tr>
<td>(iii) Administration</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>- 16.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>892.0</td>
</tr>
<tr>
<td><strong>Total reduced by 7% (4 £67m.)</strong></td>
<td>825.0</td>
</tr>
<tr>
<td><strong>Total increased by 5% (+ £45m.)</strong></td>
<td>937.0</td>
</tr>
</tbody>
</table>

Local authority and new town programme: Numbers

5. The present authorised programme of approvals for local authorities and new towns in England and Wales is:

<table>
<thead>
<tr>
<th></th>
<th>Local authorities</th>
<th>New towns</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966 (act.)</td>
<td>163,900(2)</td>
<td>5,500</td>
<td>169,400(2)</td>
</tr>
<tr>
<td>1967</td>
<td>160,000(3)</td>
<td>10,500</td>
<td>170,500</td>
</tr>
<tr>
<td>1968</td>
<td>162,500</td>
<td>11,000</td>
<td>173,500</td>
</tr>
<tr>
<td>1969</td>
<td>170,000</td>
<td>11,000</td>
<td>181,000</td>
</tr>
<tr>
<td>1970</td>
<td>170,000(4)</td>
<td>10,000(4)</td>
<td>180,000(4)</td>
</tr>
<tr>
<td>1971</td>
<td>170,000(4)</td>
<td>10,000(4)</td>
<td>180,000(4)</td>
</tr>
</tbody>
</table>

1. The local authority and new town programmes are now treated as one for the purposes of control. The progression shown for new towns for 1967 and subsequent years is that of the 1966 Basic programme. It makes no allowance for Milton Keynes or for the increased output in existing new towns.

2. Includes 11,000 extra approvals authorised in April and July 1966; plus 2,900 excess in local authority approvals counted against short-fall in new town approvals.

3. Includes 5,000 extra approvals authorised in March 1967.

Annex A shows the authorised programme in terms of starts and completions for local authorities and new towns in England and Wales, together with the contribution expected from Government departments, housing societies, and public authorities in Scotland and Northern Ireland. The programme leads to 242,000 starts and 237,000 completions in the United Kingdom in 1970.

Standards

6. A committee under Sir Parker Morris set up by the Central Housing Advisory Committee recommended that local authorities should build their houses to better standards, notably as regards space and heating. The Committee's report (1) was commended to local authorities when it was first published in 1961; and the Housing White Paper (2) of November 1965 said that local authorities would normally be expected to incorporate in new designs the main space and heating standards recommended by Parker Morris. In the 1966 Public Expenditure Survey the Treasury ruled that, since the investment expenditure approved by Ministers during the 1965 survey made no provision for rising standards, all expenditure already incurred, or expected to be incurred, as a result of increased costs attributable to a higher proportion of houses with Parker Morris standards should be excluded from the Basic total and classified as "Additional", pending further specific expenditure decisions by Ministers. Accordingly the basic programme makes no provision for the substantial increases which have occurred since September 1964 in the proportion of houses in tenders approved with Parker Morris standards or with garages or hardstandings.

(1) Homes for Today and Tomorrow (H.M.S.O. 1961)

(2) The Housing Programme 1965 to 1970 (Cmnd. 2838)
7. Ministers have subsequently accepted as inevitable the resulting additional expenditure in 1966/67 and 1967/68 but no specific approval has been given to additional expenditure in subsequent years. Annex B shows however that if the present trend towards higher standards continues, virtually all houses in tenders approved in the last quarter of this year (1967) may be expected to incorporate all the standards which Parker Morris recommended. While therefore we suggest (in paragraph 25) that Ministers may wish to consider the possibility of obtaining small savings in 1970/71 on the minor (equipment and fittings) standards, we have assumed in this Report that Ministers will regard the additional expenditure then on the main (space and heating) standards as inevitable.

8. It is estimated that the additional costs arising from the adoption of the full Parker Morris standards, including a higher proportion of garages and hardstandings, would add about £58m. to the Basic total of expenditure in 1970/71.

Housing Yardsticks

9. This additional cost will be partly offset by the introduction of cost yardsticks which will set limits of cost for the new subsidies. Many authorities, in order to get within the yardsticks, will have to redesign schemes and eliminate those which are higher than Parker Morris standards. It is estimated that the total saving achieved in 1970/71 should be of the order of £10-15m., and for convenience we have taken the figure of £13 million. The net additional cost (i.e. improved standards as offset by savings from the housing yardstick) is therefore estimated at about £45m. in 1970/71.

Reservations

10. The Ministry of Housing and Local Government and the Welsh Office consider that the assumptions on which basic programmes were costed are so unrealistic as to be defective. For that reason they consider that, if the review is to be conducted on the lines that Ministers intend, the basic programme should be augmented by £45 million to provide for expenditure on improved standards which, as a result of policies advocated by Ministers, will have almost universally been adopted by the end of 1967. The Treasury accept that the Basic expenditure estimates for 1970/71 which Ministers approved in 1965 should
now be regarded as unrealistic as a measure of the cost of the authorised programme of public sector housebuilding in England and Wales. This is because these estimates made no allowance for the substantial improvements in standards which have occurred both before and after the issue of the 1965 Housing White Paper. It is, however, in the Treasury's view for consideration by Ministers whether any addition should be made on that account to the approved Basic total, or whether other offsetting adjustments should be made elsewhere on Housing expenditure.

II. THE RANGE OF CHOICES

The basic programme

11. The basic programme figures (adjusted to 1967 prices) shown in the 1966 P.E.S.C. report for 1970/71 reduced by \( \frac{1}{2} \% \) or increased by 5% would be:

- Basic plus \( \frac{1}{2} \% \): £937 (an increase of £45m.)
- Basic: £892
- Basic less \( \frac{1}{2} \% \): £825 (a reduction of £67m.)

12. The improvements in standards (paragraph 6-8) are estimated to add £58m. to the Basic total; but this should be partly offset by the economies resulting from the introduction of cost yardsticks (paragraph 9) to give a net addition of £45m. An increase of 5% (\( \approx \) £45m.) on the Basic total would therefore be just sufficient to provide for the improved standards without any change in the authorised programme of approvals.

13. If total expenditure is to be held to the Basic total it will be necessary to make some change in existing policies to save £45 m. because, as we shall see, there is limited scope for effective action by 1970/71 on other aspects of Housing expenditure, a large part of the saving would have to be achieved either by reducing the authorised programme of approvals, or by reductions in local authority advances for house purchase.

Reduction in authorised programme of approvals

14. The whole of the saving of £45m to keep within the Basic total could be obtained by reducing the programme of approvals from 170,500 in 1967 to 167,500 in 1968 and subsequent years, instead of the steady increase provided for in 1968 and 1969 in the present authorised programme of approvals. To obtain a saving of a further £67m (making £112 m. in all) to reduce expenditure to \( \frac{1}{2} \% \) below the Basic total, it would be necessary to make a much more drastic
reduction in the number of approvals. Local authorities and new towns would have to reduce their programmes in 1968 and in subsequent years by about 20,000 below the level authorised for 1967 and by nearly 30,000 below that authorised for 1969.

To reduce expenditure in 1968/69 to the level shown in column (6) would require an announcement by mid-1967 at the latest of a cut of 22,500 in the present authorised programme of approvals for 1968. In the view of the Housing Departments, a cut of this size could not be borne without a complete abandonment of the Government's housing objectives. If the announcement were not made until the end of 1967, the savings would be delayed. In practice the savings to be secured in 1968/69 would be reduced to some £15m. and those in 1969/70 increased to about £90m.

15. Both the authorised and reduced programmes must be considered in relation to the United Kingdom target of 500,000 houses in 1970 and to the commitment that about half of this number will be provided by public authorities. As Annex A shows, the present authorised programme in England and Wales, together with those for Scotland and Northern Ireland, is estimated to provide 242,000 starts and 237,000 completions in the public sector in 1970. A reduction in the authorised programme in England and Wales, in order to limit total Housing Expenditure to the Basic total in 1970/71 or to a level of 7% below the
Basic total, would mean reducing the number of houses started and completed by public authorities in the United Kingdom in 1970 (assuming no change in the Scottish and Northern Ireland programmes) to:

<table>
<thead>
<tr>
<th></th>
<th>Starts</th>
<th>Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>229,000</td>
<td>229,000</td>
</tr>
<tr>
<td>Basic minus 7 1/2%</td>
<td>212,500</td>
<td>212,500</td>
</tr>
</tbody>
</table>

16. Output by the private sector is capable of rapid expansion but, given the present level of building, there can be no certainty that it will provide its half of the target in 1970. It is most unlikely that the private sector would make up the shortfall in the public sector if this were held to the level implied by "Basic minus 7 1/2%". Indeed in the opinion of the Housing Departments, any significant reduction in the present authorised programme would involve abandoning (or postponing) the 500,000 target.

Housing needs in Great Britain

17. The Official Committee on Housing is in the process of examining the 500,000 target both as regards needs and feasibility. Its interim report (EO(0166)20-Final) said that there were no present grounds for supposing that, apart from a small reduction in the rate of new household formation, the assessment of needs, which was made in 1965 and which led to the decision to set a target of 500,000 houses in 1970, was not well founded. The report showed that some 260,000 houses a year were needed in the period up to 1970 to provide for the annual increase in newly formed households, other losses from stock (e.g. as a result of road widening) and for the maximum programme of slum clearance that could be achieved. (There are about a million slums but the rate of clearance is not expected to exceed 95,000 a year by 1970). The remainder of whatever houses are built will make a contribution towards meeting local shortages where these exist, providing a margin for mobility and for the replacement of old houses not worth improving. A programme building up to 500,000 in 1970 would give an average annual output during the six years 1965-70 of 420,000. Thus the average annual number which can contribute to meeting local shortages, providing mobility, etc. would be about 160,000 with a 500,000 programme.

18. It was estimated that in 1965 the number of houses required in Great Britain to meet shortages and to provide a margin for mobility totalled 700,000. Thus an average of 120,000 houses a year would have to be built in the right places to meet this need, if no net migration between areas of shortage and surplus took place. In fact because they cannot all be provided in the right places the number of houses devoted to these purposes will be less than 120,000 a year. It can be argued that if the private sector builds up to 250,000 houses a year, reductions in the public sector programme in England and Wales of up to 30,000 houses a year which is what is implied in
"Basic minus 7½", could in theory be made without detriment to slum clearance; or to the provision of extra houses for new households and for losses from stock; or to the reduction of local shortages. On this view the main effect of any such reduction in the programme would be to diminish the scope for replacing older houses which are not worth improving. However, it should be emphasised that even with a build-up to 500,000 houses, no appreciable impact will have been made by 1970 on the replacement of near slum and obsolescent housing widely distributed in all the main built up areas. The extent to which it will be practicable to carry out the large scale replacement of obsolescent houses, except as part of a clearance programme, is still uncertain.

19. On the other hand this crude statistical assessment of housing needs in terms of numbers of houses and households ignores both the balance between the public and private sectors and the fact that in order to satisfy a need, the house has to be of the right type, at the right price and of the right tenure. The house-building programmes of public authorities are directed mainly towards slum clearance (66,400 slums were cleared in England and Wales in 1966, compared with 60,700 in 1965, and the number is expected to rise to 75,000 in 1969) and to meeting shortages and relieving overcrowding in the big cities. But public authorities are also the main providers of housing for old people (they completed 38,000 single bedroom dwellings in 1966, almost all of which will have been for old people) and of housing to let at rents which low income families can afford. There are shortages of such housing in almost every large city. Local authorities are the main - and indeed almost the sole - providers of rented housing which, when in sufficient supply, greatly facilitates mobility of labour. Any reduction in the public sector programme, let alone a reduction of 30,000 a year, would oblige authorities to choose which of these needs should be sacrificed. In particular many authorities, if required to reduce their building programmes, might be reluctant to go ahead with slum clearance if it meant they could no longer continue to provide houses for overcrowded families or old people in housing need. A reduction in the programme to save £112m in 1970/71 ("Basic minus 7½") would mean limiting the local authority and new town programme to 150,000 approvals a year from 1968 onwards (Table 2). By way of illustrating the sort of decisions that would have to be taken, the following table sets out the needs for which the 1967 programme of 170,000 houses will provide:

10.
(a) Slum clearance  
(b) Other replacements  
(c) Relief of overcrowding and shortages:
   (i) By overspill to new towns  
   (ii) In the towns themselves  
(d) Old people (single bedroom dwellings)\(^{(1)}\)

170,900

Effect on authorities' settled programmes of reducing the authorised programme

20. 118 housing authorities in the conurbations and 23 free-standing towns with exceptional housing problems have been selected for priority status. These 141 priority authorities in England, broadly those with the worst slums or shortages, have settled 3 year programmes totalling about 100,000 (98,000 in 1967); authorities building houses for the reception of overspill from the conurbations have settled programmes totalling about 10,000 for this purpose (11,000 in 1967) irrespective of the houses they wish to build for their own needs; Welsh authorities, most of whom are in effect in the priority category, take up about 10,000 approvals each year; while the new towns expect to approve about 10,000 in the current year. Thus, even if the priority authorities and new towns made no advance on their present rate of housebuilding, the first 136,000 of the 170,000 houses in the 1967 programme in the programme are in effect pre-empted for priority areas. But in fact these priority areas are expecting to increase their programmes over the next few years; and therefore if the total programme does not rise at the same time, the priority areas can only be given bigger allocations by cutting back the non-priority areas. But although the needs of these remaining authorities are relatively less urgent, their requirements are by no means negligible. Some of them have

\(^{(1)}\) There is some double-counting in this figure since those housed in old people’s flatlets may come for example from slums or from overcrowded housing; any extra will go towards the relief of overcrowding and shortages.
many slums still uncleared (they include towns such as Wigan, Derby, Barnsley). Thus a decision to reduce the authorised programme for 1969 by some 30,000 (which would mean cutting the programme to 20,000 below the 1967 level) would mean restrictions in the priority areas and in Wales, as well as very severe reductions in the non-priority areas: it would not be possible to stop building even in the non-priority areas because local authorities have a statutory duty to clear slums. A decision to keep within the Basic total would mean a small reduction below the present level, and also foregoing the rising public sector programme for which the authorised programme provides.
Augmented basic programme

21. M.H.L.G. and the Welsh Office do not consider that the Basic total increased by 5% or reduced by 7 1/2\% represents a realistic range of options. In their view the Basic total should be augmented by £45m. to allow for the improvement in standards, and for the economies expected from the introduction of cost yardsticks, and consideration should also be given to the implication of increasing this augmented total by 5%. The total expenditure figures would be:

<table>
<thead>
<tr>
<th>Description</th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Augmented basic plus 5%</td>
<td>984</td>
</tr>
<tr>
<td>Augmented basic</td>
<td>937</td>
</tr>
<tr>
<td>Augmented basic minus 7 1/2%</td>
<td>867</td>
</tr>
</tbody>
</table>

With the basic programme augmented in this way it would be possible to carry out the building programme already authorised (implying 237,000 public sector completions in the U.K. in 1970). If the augmented basic were reduced by 7 1/2\% and it was decided to find the savings entirely by reducing the number of houses built, the authorised programme of approvals would need to be reduced by some 10,000 in 1968 and 20,000 in 1969, implying about 225,000 U.K. completions in the public sector in 1970.

An increase of 5% on the augmented basic programme would give an extra £47 million which would be almost enough to provide for the additional programme proposed for new towns and to increase public authority completions in 1970 to 250,000, details of which are given in Annex C.

22. M.H.L.G. and the Welsh Office consider that the new projects proposed for the new towns (outlined in Annex C) should be approved as additions to the authorised programme. Since the new towns build largely for a priority need, the relief of overcrowding in the conurbations, their programmes are no less important than those of the "priority authorities", and therefore even if these new projects are not accepted as additional, they would still be allowed to proceed at the expense of the non-priority areas.
23. If the augmented basic were increased by 5% in 1970/71, the authorised programme of approvals and total Housing expenditure would be increased as shown in Table 3:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1967</td>
<td>170,500</td>
<td>170,500</td>
<td>845</td>
<td>905</td>
<td>930</td>
<td>957</td>
<td>997</td>
</tr>
<tr>
<td>1968</td>
<td>173,500</td>
<td>183,500</td>
<td>905</td>
<td>930</td>
<td>964</td>
<td>984</td>
<td></td>
</tr>
<tr>
<td>1969</td>
<td>181,000</td>
<td>192,000</td>
<td>930</td>
<td>964</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>180,000</td>
<td>189,500</td>
<td>957</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td>180,000</td>
<td>189,500</td>
<td>997</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Assuming no change in the Scottish and Northern Ireland programmes, public authorities in the United Kingdom should start 251,000 houses and complete 249,900 in 1970.

Standards

24. A decision to cut standards, even if taken in the immediate future, would not result in significant saving in expenditure before 1970/71. The time-lag between design and "work done" is such that about two years are needed after public announcement for much work to be redesigned. This is certainly the case with space and heating (1). Moreover, the case for building to Parker Morris standards is that we are building houses that have to last for sixty years. Space and heating are fundamentals of the design of houses. And in the Housing White Paper the Government are committed to the adoption of these two standards.

---

(1) Details of the standards are given in Annex D.
25. A specific prohibition of the remaining standards for equipment and fittings(1) (washbasin in the second W.C. of the larger family houses and more generous provision of electric sockets, cupboards and kitchen fittings), if announced in the immediate future as items that will not qualify for subsidy, might begin to affect schemes submitted for approval in 1966; and savings might be secured by 1970/71. These items are relatively cheap and between them they account for only 50% of the extra cost of adopting all six standards. Most local authorities now regard these standards as desirable and virtually all will have incorporated them in their designs by the end of this year. To disallow them for subsidy would therefore not only be regarded as an undesirable lowering of standards, but many authorities might be expected to go on providing the full standards, foregoing subsidy on this part of the cost. It is impossible therefore to estimate what saving in capital investment a decision to disallow these items would secure in 1970/71, but it could hardly exceed £10m even if the great majority of local authorities fell in with the lower standards.

Garages

26. In the year ending September 1966 70% of dwellings in tenders approved had garages (42%) or hardstandings (28%). We have assumed a 2% increase in garages and a 6% increase in hardstandings in each of the two succeeding years; but that thereafter, because garages will not qualify for subsidy under the new Bill, the proportion will remain constant at about 85%. Old people's flatlets for example do not always need to be provided with either garages or hardstandings. Since the provision of either garages or hardstandings for most new houses is a requirement of present planning policy, it would not be possible to prohibit their provision altogether. We consider that by insisting, whenever possible, on hardstandings in preference to garages it might be possible to halve the proportion with garages, producing savings in capital investment of up to £5m by 1970/71.

Exchequer Subsidies

27. Exchequer housing subsidies (excluding the mortgage option scheme and miscellaneous items) are rising from an estimated £85m in 1966/67 to £153m in 1970/71; that is to say, they are expected almost to double in four years. The subsidies to local authorities are calculated on the difference in loan charges on loans raised to finance approved new housing. The implications of reducing these standards are given in Annex D.

(1) The implications of reducing these standards are given in Annex D.
schemes calculated at rates representing the rate paid by local authorities generally and a rate of 4%. These estimates are based on an assumed representative borrowing rate for local authorities of 6½% and, if interest rates should fall, the estimates would also need to be revised downwards. The new subsidies are paid at the same rate to authorities irrespective of the nature of their housing problem or of the state of their housing revenue account and rent levels. Powers have been taken in the Bill both to raise the 4½% interest rate to which the basic subsidy is geared and also to pay different rates of subsidy to different authorities or classes of authority. Meanwhile since the time-lag between approval of a house for subsidy and the first payment of subsidy on that house averages some 27 months, it would not be possible to obtain very large savings by 1970/71. Moreover in order to obtain what savings are possible it would be necessary to alter the rates within a few months of the enactment of the Housing Subsidies Bill. We do not consider this would be practicable and we conclude therefore that savings in subsidies could not be obtained by 1970/71. The Housing White Paper published in November 1965 made it clear however that "the whole question of housing finance needs much deeper study than this Government has yet had time to give it". Work on this has already been put in hand, but could not produce a new system to affect expenditure on subsidies by 1970/71.

Leans for house purchase

28. A decision to reduce local authority lending for house purchase could be achieved without legislation (by simply refusing loan sanction). Up to £130 million could in theory be saved, which is more than enough to achieve the cut of 7½% in the Basic total; while a reduction in local authority lending of £45m. a year would be sufficient to enable the numbers of houses in the present authorised programme to be built to full Parker Morris standards. A substantial reduction in local authority lending would have serious effects on the private housing market if the funds withdrawn were not replaced by increased lending by other institutions. This is because local authority lending is biased towards the
secondhand market and, since the sale of a new house often depends on the
sale of an older house, a reduction in secondhand sales may reduce new
housebuilding. But except in so far as it does this, a reduction in
local authority lending does not release physical resources in
the same way as does a reduction in new housebuilding. The total
of local authority lending rose sharply from £85m. in 1962 to
£220m. in 1965; the L.C.C./G.L.C. component rising from £3m. to
£77m. For 1967/68 the approved limit is £130m., and it has not proved easy
to introduce a rationing system which would allocate this amount equitably
between local authorities and would be acceptable both to the G.L.C. and
to other authorities.

29. We do not consider it would be practicable to achieve savings of
£112 million (7% below the Basic total) by this means. In order to
produce savings of £45m. (to keep within the Basic total)
local authority lending in 1970/71 would have to be limited
to £85 million. If the reduction in local authority
lending has been progressively over the period to 1970/71
and secured mainly by reducing loans on post-war houses, there would be
some prospect that it might be made good by increased lending from other
agencies. In Table 4, we show a possible path for achieving savings of
£45 million in 1970/71 to keep within the Basic total.

TABLE 4

<table>
<thead>
<tr>
<th>Year</th>
<th>Advances for house purchase</th>
<th>Total housing expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Present authorised</td>
<td>Reduced by £45m.</td>
</tr>
<tr>
<td>1968/69</td>
<td>130</td>
<td>130</td>
</tr>
<tr>
<td>1969/70</td>
<td>130</td>
<td>100</td>
</tr>
<tr>
<td>1970/71</td>
<td>130</td>
<td>85</td>
</tr>
<tr>
<td>1971/72</td>
<td>130</td>
<td>85</td>
</tr>
</tbody>
</table>
30. We have considered whether it would be possible to achieve some savings in local authority lending in 1968/69. This is however the year in which a substantial recovery in private housebuilding will be needed if the Government are to retain their target of 500,000 houses by 1970. It is also the year in which the option mortgage scheme will first become operative and which may see the introduction of 100% mortgages. For these reasons, it would be exceptionally difficult to obtain savings in 1968/69.

Other possible savings
31. We have considered, but dismissed, the possibility of obtaining savings on other aspects of Housing Expenditure:

   (1) Mix and distribution
   (2) Mortgage Option Scheme
   (3) Rate fund contributions
   (4) Improvement grants
   (5) Housing Corporation.

The main considerations are discussed in Annex E.

III SUMMARY AND CONCLUSIONS: ENGLAND AND WALES

The range of choices
32. On present trends all local authority houses will be designed to full Parker Morris standards by the end of this year. It is assumed that Ministers will regard the additional expenditure involved, at least on the main (space and heating) items, as inevitable. This will be offset to a limited extent by savings arising from the introduction of cost yardsticks. An increase of 5% (£45m.) in the PESC Basic total for 1970/71 would be just sufficient to meet the net additional cost of building all houses to full Parker Morris standards without any other change having to be made in the authorised programme of approvals. If the Basic total remains unaltered, savings of £45m. must be found; and for a reduction of 7½% the savings would have to amount to some £112m.
Adjusting housing investment

33. The major choice available is to adjust the number of houses in the authorised public sector programme. This provides for an increase from about 161,000 approvals in 1965 to about 170,000 approvals in 1966 and 1967, and to 181,000 in 1969. All the savings could be achieved in 1970/71 by reducing the programme from 1968 onwards to 167,500 (savings of £45m.) or 151,000 (savings of £112m.) (Paragraphs 14-15).

34. Some mitigation of these reductions might be obtained “by decisions to disallow for housing subsidy the expenditure on the Parker Morris standards for equipment and fittings (paragraph 25) and to insist, wherever possible, on hardstandings in preference to garages (paragraph 26). It is difficult to estimate what savings in capital investment might be secured since many authorities might be unwilling to revert to lower standards. At best the saving could hardly exceed £15m.

35. The Housing Departments argue that the basic total should be augmented by £45m. to allow for the extra cost of improved standards now prevailing. If this were done, the augmented basic total would provide in full for the authorised number of approvals. An increase of 5% would allow for prospective increases in New Town housing without reducing the local authority allocation; and would provide for an expansion to about 250,000 public sector completions in the U.K. in 1970. A reduction of 7½% would mean reducing public sector completions in 1970 to about 225,000 (Paragraphs 21-23).

36. Assuming no change in the Scottish and Northern Ireland programmes, the number of houses started and completed by public authorities in the United Kingdom in 1970, on each of these different programmes, would be:
TABLE 3

Public sector starts and completions in the United Kingdom in 1970

<table>
<thead>
<tr>
<th></th>
<th>Starts</th>
<th>Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic programmes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic + 5%</td>
<td>242,000</td>
<td>237,000</td>
</tr>
<tr>
<td>Basic</td>
<td>229,000</td>
<td>229,000</td>
</tr>
<tr>
<td>Basic - 7%</td>
<td>212,500</td>
<td>212,500</td>
</tr>
<tr>
<td><strong>Augmented basic programmes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Augmented basic + 5%</td>
<td>251,000</td>
<td>249,000</td>
</tr>
<tr>
<td>Augmented basic</td>
<td>242,000</td>
<td>237,000</td>
</tr>
<tr>
<td>Augmented basic - 7%</td>
<td>222,000</td>
<td>224,500</td>
</tr>
</tbody>
</table>

37. The contribution from the private sector is uncertain but the Housing Departments consider that if the public sector’s contribution is reduced significantly below the 237,000 completions in 1970 in the United Kingdom provided for in the present authorised programme, the total output of the two sectors combined is unlikely to come within a respectable distance of 500,000. If housing expenditure were kept to the Basic total the public sector would contribute about 230,000 houses in 1970. The only programme which would allow the public sector to provide about 250,000 in 1970 is the "Augmented basic plus 5%" (paragraphs 14-16 and 21-23).

38. The marginal effects that any such reductions or increases in the programme would have on satisfaction of housing needs are difficult to assess (paragraphs 17-20).

**Adjusting local authority lending**

39. Apart from possible changes in the number of houses to be built, the main possibility for consideration is a very different category of expenditure on local authority loans for house purchase. If housing expenditure were to be kept strictly within the Basic total, one way of producing savings of £45m. would be to reduce local authority lending by 35% from £130m. in 1967/68 to £85m. in 1970/71. This saving would be sufficient to enable the number of houses provided
for in the present authorised programme of approvals to be built to the full Parker Morris standards. But it would involve a very severe system of rationing home loans between individual local authorities. Such a cut would be as effective a method of saving public expenditure as cutting the programme but its effect on the physical resources released would be less. If the reduction were made progressively over the period to 1970/71 and secured mainly by reducing the number of loans for post-war houses, there would be some prospect that it might be made good by increased lending from other agencies. (Paragraphs 28-29).

Implications for expenditure in 1968/69 and 1969/70

40. If the authorised programme of approvals were reduced in order to achieve savings in 1970/71, there would also be expenditure savings on existing policies in the intervening years.

<table>
<thead>
<tr>
<th>Year</th>
<th>To keep within Basic total in 1970/71</th>
<th>Basic total -7% in 1970/71</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968/69</td>
<td>£ 8m.</td>
<td>£30m.</td>
</tr>
<tr>
<td>1969/70</td>
<td>£28m.</td>
<td>£76m.</td>
</tr>
</tbody>
</table>

To secure savings of the order shown for 1968/69 in the second column would require an early announcement of drastic cuts in the public sector programme. They assume adjustments of building programmes, involving a cut of 22,500 approvals in 1968 and an announcement to this effect by mid-1967 at the latest. In the view of the Housing Departments, a cut of this size could not be borne without a complete abandonment of the Government's housing objectives. If the announcement were not made until the end of 1967, the savings would be delayed. In practice the savings to be secured in 1968/69 would be reduced to some £15m. and those in 1969/70 increased to about £90m.

41. Savings in local authority lending for house purchase could not be secured in 1968/69 without the greatest difficulty but there might be some prospect of obtaining savings of up to £30m. in 1969/70. (Paragraph 30).
Estimated housing expenditure in 1970/71 on the basic programme in Scotland, at 1967 prices, is set out in Table 6 below:

<table>
<thead>
<tr>
<th>Housing Expenditure</th>
<th>Scotland £ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Housing investment</strong></td>
<td></td>
</tr>
<tr>
<td>(i) Local authorities</td>
<td>103.4</td>
</tr>
<tr>
<td>(ii) S.S.H.A. and New Towns</td>
<td>34.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>138.2</td>
</tr>
<tr>
<td><strong>2. Subsidies and improvements</strong></td>
<td></td>
</tr>
<tr>
<td>(i) Housing Subsidies Bill</td>
<td>11.3</td>
</tr>
<tr>
<td>(ii) Other subsidy legislation</td>
<td>25.9</td>
</tr>
<tr>
<td>(iii) Mortgage option scheme</td>
<td>2.3</td>
</tr>
<tr>
<td>(iv) Rate fund contribution</td>
<td>20.2</td>
</tr>
<tr>
<td>(v) Improvement grants</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>69.9</td>
</tr>
<tr>
<td><strong>3. Other housing</strong></td>
<td></td>
</tr>
<tr>
<td>(i) Loans for house purchase</td>
<td>2.3</td>
</tr>
<tr>
<td>(ii) Advances to building societies, Housing Corporation etc.</td>
<td>1.8</td>
</tr>
<tr>
<td>(iii) Administration</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Total reduced by 7%</strong></td>
<td>196.7</td>
</tr>
<tr>
<td><strong>Total increased by 5%</strong></td>
<td>223.2</td>
</tr>
</tbody>
</table>

Numbers in the Programme

The basic programme for housing investment is based on the number of houses in the progression set out in Annex A. This progression is the line with the Ministerial decision in July 1965 that the Scottish programme could build up to a maximum of 36,000 approvals in 1969. No decision has since been taken about later years, but the Scottish Office's view is - and has since 1965 been - that the programme should build up to at least 40,000 approvals a year in the public sector.

Standards

The Parker Morris Report does not apply to Scotland, where comparable standards have been applied since 1956 when Part 3 of the Scottish Housing Handbook was published. Although these standards, which were well ahead...
of contemporary English standards, were at first insisted on only in the case of flats in multi-storey blocks, they later became mandatory for houses of all types (in the private as well as the public sector) on being incorporated in the Building Standards (Scotland) Regulations, which came into force in June 1964.

45. The space standards in the Handbook are comparable to Parker Morris, although they are expressed in a different way. (The Scottish standards are in fact slightly lower for the larger house types, but higher for the smaller house types.) Standards of storage are also comparable. Thus, all Scottish local authorities have for some years already been building to approximately the same standards of space and storage as those towards which English authorities are now advancing. There are a few respects in which the Scottish Handbook standards are lower than in England, but the only one of any real consequence is heating, and since 90% of houses now being built by local authorities in Scotland are in practice already provided with standards of heating which go beyond the Handbook minimum, there is no need in Scotland to allow for major improvements in house standards by 1970-71.

V. THE RANGE OF CHOICES

The basic programme

46. The basic programme for 1970/71 is £212.6m. Increased by 5% it becomes £223.2m. Decreased by 7% it becomes £196.7m. The basic programme is virtually the same as the expenditure to which the Scottish Office consider present policies will lead in that year (£212.1m.).

An increase of 5%

47. An increase of 5% is equivalent to £10.6m. in 1970/71.

48. There are two main directions in which some additional expenditure is desirable. First, the 1965 programme envisaged that the number of public sector houses approved would build up steadily to 40,000 by 1969. The decision referred to in paragraph 43 cut this to 38,000. The Scottish Office consider however that there should be a further advance to 42,000 by 1971. If 42,000 approvals were given in 1970 and 1971 this would add £3.7m to the programme in 1970/71, and £5.8m in 1971/72. If only 40,000 approvals were given in 1970, advancing to 42,000 in 1971, this would in practice add nothing to the basic total in 1970/71 and £3.7m. in 1971/72.
49. Second, the Cullingworth report ("Scotland's Older Houses") has emphasised the need for greater expenditure on improvement of old houses, as well as on slum clearance, and in particular has drawn attention to the enormous programme of rehabilitation needed in Glasgow. A drive to increase the rate of modernisation of improvable houses, coupled with the raising of the grant ceilings for improvements by both local authorities and private owners, would add some £2m. a year to the basic programme by 1970/71. A major programme to "patch" slum houses in Glasgow which cannot be cleared in the next five years is also desirable and could build up to about £2.3m. a year by 1970/71.

50. Apart from these priority needs, it would be desirable to relax the restrictions on local authority loans for house purchase, especially in the light of the even greater need in Scotland to encourage the private sector. The basic programme provides for only a very small increase in lending by 1970/71, and there is room for a considerable expansion in lending in Scotland, which would take up at least another £2.2m. (net) simply to keep pace with the expansion of new building by the private sector.

A Reduction of 7¾%  

51. A reduction of 7¾% on the basic programme is equivalent to almost £16m. This could not be achieved without major alterations in current policies.

52. If the numbers of public sector approvals were restricted to 38,000 a year from 1969 onwards, this would yield a saving of £3.4m. in 1970/71 and £6m. in 1971/72. To achieve a £16m. saving in 1970/71 solely by a reduction of housebuilding would require the number of approvals to be reduced to just under 35,000 from 1968 onwards. This compares with just over 30,000 approvals in 1966 and current attempts to achieve 34,000/35,000 in 1967. In theory, this reduction could be shared between the S.S.H.A., the New Towns and the local authorities, but the effect of cutting the building programme of the S.S.H.A. and the New Towns, which are geared to the growth of industry and employment and the movement of labour, would be seriously to affect economic expansion.
53. If, therefore, the cut were applied solely to local authorities, their programme would have to be held at about 25,000 approvals from 1968 onwards, compared with the desirable figure of 28,000-30,000 starts required in 1969 if the 50,000 target by 1970 is to be achieved. This would mean cutting back now on local authorities' current plans to expand their house-building programmes and publicly abandoning the announced target of 50,000 houses by 1970, since there is no real hope of building up the private sector in Scotland to compensate for the fall in the public sector. This would mean the loss of about 1,500 completed houses by 1970/71 (and progressively more in later years) which would otherwise have been available for families living in slums or in overcrowded or shared houses, or for old people.

54. There is no prospect of achieving savings by cuts in standards in Scotland. Apart from the point made in Part A of this paper about the time lag between design changes and work done, any significant reduction in standards would involve amendment of the Building Standards (Scotland) Regulations 1963 and it would not be practicable to force local authorities in Scotland to reduce the standards to which a statutory instrument has required them to build for some years now.

55. The provision of either garages or hardstandings for most new houses is a requirement of planning policy, but some economies could be made by refusing loan sanction for the building of garages other than in exceptional cases (e.g., where they formed an integral part of the design of a block) and requiring authorities to provide only hardstandings instead. The net saving in capital investment (garages will not attract subsidy) might be of the order of £1m.

56. The arguments against attempting to produce savings in housing subsidies by 1970/71 are the same as those in England and Wales (paragraph 27).

57. Savings are also possible by reducing local authority loans for house purchase. The maximum in 1970/71 would be £6.5m, less the total of repayments, which would depend on the date on which loans were stopped. It has of course to be borne in mind that the need to encourage the private sector is greater in Scotland than in England.

58. We have considered, but dismissed, other possible savings in Housing Expenditure in Scotland. These are discussed in Annex E.
VI. SUMMARY AND CONCLUSIONS: SCOTLAND

59. As distinct from England and Wales, existing policies in Scotland can be accommodated within the basic programme expenditure figure.

60. There are directions in which expenditure beyond the basic programme figure could usefully be incurred, but there are at present no firm commitments or announced policies which would pre-empt that expenditure.

61. Since the amount of lending by local authorities for house purchase in Scotland is proportionately much smaller than in England and Wales, any reduction in it would make a much smaller contribution to the prescribed savings and would have to be balanced against the greater need in Scotland to encourage the private sector.

62. Although, therefore, some minor economies could be made, the only way in which we could plan to make a major saving of the order envisaged in Scotland would be to cut back on proposals for new housebuilding in the public sector. This would mean publicly abandoning the announced target of 50,000 houses by 1976, since the private sector in Scotland could not be expected to make up the difference.
## Public Sector Housing in the United Kingdom

Estimated starts and completions on existing authorised programmes

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Starts</td>
<td>Completions</td>
<td>Starts</td>
<td>Completions</td>
<td>Starts</td>
</tr>
<tr>
<td>1. England and Wales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Local authority and new towns programme</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local authority and old style housing association</td>
<td>143.3</td>
<td>138.9</td>
<td>170.0</td>
<td>146.0</td>
<td>161.0</td>
</tr>
<tr>
<td>New towns</td>
<td>6.6</td>
<td>4.6</td>
<td>9.5</td>
<td>7.5</td>
<td>10.5</td>
</tr>
<tr>
<td>(b) &quot;Non-programme&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Departments</td>
<td>4.5</td>
<td>5.6</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Local authority and new town dwellings for sale</td>
<td>1.5</td>
<td>1.2</td>
<td>1.5</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>New style housing association</td>
<td>2.4</td>
<td>2.1</td>
<td>4.0</td>
<td>2.0</td>
<td>6.5</td>
</tr>
<tr>
<td>Total: England and Wales</td>
<td>158.2</td>
<td>152.0</td>
<td>190.0</td>
<td>156.0</td>
<td>185.0</td>
</tr>
<tr>
<td>2. Scotland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local authority, new town, S.S.H.A., other housing associations and Government Departments</td>
<td>27.7</td>
<td>28.2</td>
<td>33.6</td>
<td>30.0</td>
<td>36.5</td>
</tr>
<tr>
<td>Total: Great Britain</td>
<td>185.9</td>
<td>180.4</td>
<td>223.0</td>
<td>186.0</td>
<td>221.5</td>
</tr>
<tr>
<td>3. Northern Ireland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local authority, N.I.H.T. and other public agencies</td>
<td>6.7</td>
<td>7.2</td>
<td>7.5</td>
<td>7.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Total: United Kingdom</td>
<td>192.6</td>
<td>187.4</td>
<td>230.5</td>
<td>193.0</td>
<td>229.5</td>
</tr>
</tbody>
</table>

(1) No programme of approvals yet agreed for 1970.

Estimated starts in 1970 assumes the same level of approvals as in 1969.
## ANNEX B

Dwellings approved for tender with Parker Morris standards

<table>
<thead>
<tr>
<th></th>
<th>4th quarter 1965 (1)</th>
<th>4th quarter 1966 (2)</th>
<th>Increase between Col. (1) and Col. (2) (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor space</td>
<td>53.0</td>
<td>75.3</td>
<td>22.3</td>
</tr>
<tr>
<td>Heating</td>
<td>66.9</td>
<td>87.6</td>
<td>20.7</td>
</tr>
<tr>
<td>2nd W.C. and wash basin (1)</td>
<td>38.4</td>
<td>68.2</td>
<td>29.8</td>
</tr>
<tr>
<td>Electric sockets</td>
<td>57.7</td>
<td>79.9</td>
<td>22.2</td>
</tr>
<tr>
<td>Bedroom cupboards</td>
<td>40.0</td>
<td>68.5</td>
<td>28.5</td>
</tr>
<tr>
<td>Kitchen fittings</td>
<td>54.1</td>
<td>74.8</td>
<td>20.7</td>
</tr>
</tbody>
</table>

(1) Percentage of 3- and 4-bedroom dwellings only
Proposed additional programmes for new towns and for local authorities in England and Wales to provide 250,000 public sector completions in the United Kingdom in 1970

1. Paragraph 21 of the report explains that a 5% increase on the augmented basic programme (as proposed by M.H.L.G. and the Welsh Office) would give an extra £47 million in 1970/71 above the estimated expenditure on present policies. This would be almost enough to provide for the additional programme proposed for new towns (outlined below) and to increase public sector completions in the United Kingdom to 250,000 in 1970, assuming no change in the Scottish and Northern Ireland programmes.

2. The existing new towns (together with Milton Keynes, the designation of which has now been authorised) are now thought to be capable of carrying out bigger programmes than those provided for in the basic programme; while a further generation of new towns (Ipswich, Northampton, Peterborough, Warrington, Leyland/Chorley) have been approved in principle; and there are still further new town projects in the pipeline (Wellington/Oakengates, Ashford, Newtown and Llantrisant).

3. If the projects were approved as additions to the authorised programme, the extra cost in 1970/71 would be:

<table>
<thead>
<tr>
<th></th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing new towns</td>
<td>13.0</td>
</tr>
<tr>
<td>New towns approved in principle</td>
<td>15.5</td>
</tr>
<tr>
<td>New towns under consideration</td>
<td>8.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36.6</strong></td>
</tr>
</tbody>
</table>

If these additional programmes were approved, public sector completions in the United Kingdom would rise to about 242,000 in 1970.

4. To ensure that the public sector contributed about half the target of 500,000 houses by 1970, the local authority programme in England and Wales would need to be increased by a further 8,000 approvals (6,000 in 1968 and 2,000 in 1969) at an estimated capital cost of about £32 million, about £13 million of which would fall in 1970/71, leading to additional subsidies of less than £1 million a year.
5. The extra expenditure in 1970/71 would be divided between:

(i) the additional New Town Programme

(ii) 8,000 more local authority approvals (6,000 in 1968 and 2,000 in 1969)

All of this could be accommodated within the extra £47 million given by a 5% increase on the augmented Basic. This would carry considerable increases for roads etc.
I. Standards recommended by Parker Morris

The improved standards recommended by the Parker Morris report, as now defined for the purpose of the cost yardstick by the Ministry of Housing and Local Government, are summarized below:

1) **Floor Space**

The minimum net floor area in square feet to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>7 pers.</th>
<th>6 pers.</th>
<th>5 pers.</th>
<th>4 pers.</th>
<th>3 pers.</th>
<th>2 pers.</th>
<th>1 pers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-storey house</td>
<td>1,210</td>
<td>1,050</td>
<td>1,010</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2-storey centre terrace</td>
<td>1,165</td>
<td>990</td>
<td>910</td>
<td>800</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2-storey semi or end or maisonette</td>
<td>1,165</td>
<td>990</td>
<td>880</td>
<td>770</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Flat</td>
<td>930</td>
<td>850</td>
<td>750</td>
<td>610</td>
<td>480</td>
<td>320</td>
<td></td>
</tr>
<tr>
<td>Single storey house</td>
<td>900</td>
<td>810</td>
<td>720</td>
<td>610</td>
<td>480</td>
<td>320</td>
<td></td>
</tr>
</tbody>
</table>

For 2/3 storey houses and maisonettes for 5 persons or more, and in flats or single storey houses for 6 persons or more, the space standards provide for a second W.C., one of which may be in the bathroom.

In addition 30-65 square feet of general storage space to be provided for houses and 28-35 square feet for flats and maisonettes.

2) **Space heating**

The minimum to be an installation capable of maintaining kitchen and circulation spaces at 55°F, and the living and dining areas at 65°F, when the outside temperature is 30°F. No provision is made for radiators in the bedrooms.

3) **Wash Basin in the W.C.**

A separate W.C. not adjoining a bathroom should be provided with a wash basin.

4) **Kitchen Fittings**

80 cu. ft. of enclosed storage space to be provided for dwellings for 3 persons or more, and 60 cu. ft. for 1 and 2 person dwellings. Worktops to be provided on both sides of the sink and of the cooker.
(5) Electric Socket Outlets

There is a minimum for each type of room. A typical 2 person flat would have a minimum of 10, a typical 5 person 2-storey house a minimum of 15.

(6) Cupboards

Built-in bedroom cupboards are NOT a requirement but a linen cupboard is. Space should however be provided in each bedroom for a double wardrobe or a built-in cupboard.

II. Reduced standards for equipment and fittings

A decision to disallow for subsidy the expenditure on improved equipment and fittings would mean reverting to minimum standards similar to those laid down in the 1949 Housing Manual. These have been amended and reduced over the years, with the result that in certain fields there is now no generally accepted minimum standard. But a combination of accepted minimum standards and current practice gives the following current minima:

(1) W.C. and Wash Basin

Only one W.C. and one wash basin even for the largest houses.

(2) Kitchen Fittings

40 cu. feet of enclosed storage space. Worktops area about 9 square feet. (The Parker Morris standard gives something like 15 square feet).

(3) Electric Socket Outlets

About 6 per dwellings, irrespective of size.

(4) Cupboards

No linen cupboard required.
SAVINGS ON OTHER ASPECTS OF HOUSING EXPENDITURE

1. As paragraph 31 of the report explains, we have considered, but dismissed, the possibility of obtaining savings on other aspects of housing expenditure. In this Annex we consider each in turn:

Mix and distribution

2. In England and Wales some savings will be obtained, though they are difficult to quantify, by insisting on a higher proportion of low density schemes and a smaller proportion of high flats. These are already assumed in the estimates. More substantial savings could be obtained by a decision to discourage housebuilding in London since both housing costs and land costs are higher in London than elsewhere. Against this, London is the area of the greatest housing pressure and it would not be practicable unless and until additional New Towns are building on a large scale to make good reductions within London by increases outside. In short there is no real option here open to Ministers.

3. In Scotland there is little prospect of making savings by insisting on a higher proportion of low density schemes. There is already central control of all proposals to build high-rise schemes, and most local authorities who undertake high-rise building (notably Glasgow) have little alternative but to do so.

Mortgage option scheme

4. In England and Wales the £37.7 million estimated for 1970/71 is based on an assumed lending rate of 7.5% and is the gross cost with no offset for tax relief which would otherwise be claimed. It is mainly the cost of cumulative commitments in earlier years. The scheme has already been postponed more than once, and fresh legislation would be required to secure any further postponement or amendment. We have not considered this further.

5. In Scotland the same considerations apply except that there is even greater need in Scotland than in England to encourage private sector building.
Rate fund contributions

6. In England and Wales the amount of contribution is known to have been rising in recent years, particularly in 1966/67, as a result of the pressure exerted on local authorities not to increase rents during the prices and incomes standstill; and it is also thought that some authorities have been keeping rents down, through bigger rate subsidies, in anticipation of the new exchequer subsidies they will shortly be paid under the new Bill. It is estimated that the rate fund contributions during 1966-67 amounted to some £4.9 million. It is very difficult to forecast a figure as far ahead as 1970/71; but as the new subsidies come into payment, and when authorities move away from the period in which they were actively discouraged from putting up their rents, the contribution should fall. We have assumed that authorities will be encouraged to adopt rent policies which ensure that housing will become a smaller burden on the local ratepayer; and we have therefore retained the figure of £16.6 million which had been included in the basic programme for the 1966 survey.

7. Now that exchequer housing subsidies have been trebled for the average house (five times in London), it may be argued that rate subsidies are unnecessary; that if authorities were to adopt far-reaching rent rebate schemes, with low rents for those who cannot afford to pay but with economic rents for households with incomes exceeding say £30 a week they would not need to subsidize tenants from the rates. On the other hand, a decision to disallow rate-fund contributions would not only require legislation but would also be regarded as interference with the powers of discretion that local authorities have at present to fix rent levels for their own tenants. It would also drive up council rents mainly in London and in some of the bigger towns.

8. In Scotland the basic programme assumes that various influences will cause rents to increase from the present average of about £44 to £50 by 1970/71. To achieve bigger increases than this would require legislation permitting direct Government intervention in the fixing of rents and rent rebates.
Improvement grants

9. In England and Wales the estimated expenditure on improvement grants is very small, only £17 million in 1970/71, and in most cases private owners contribute comparable amounts themselves; preservation of the housing stock is essential since under any programme of new house-building some millions of old houses will still have to have their life prolonged. The smaller the new house building rate the more important the improvement programme. We do not consider that any savings should be secured under this item since the needs under this head are likely to grow rather than diminish.

10. In Scotland some small saving might be secured by urging local authorities not to give any more discretionary improvement grants. This is theoretically possible, but is considered to be impracticable in the light of the recently published report on "Scotland's Older Houses".

Housing Corporation

11. The Housing Corporation has been slow to get going and it has yet to prove itself capable of generating a substantial programme of new building. The main effect of its activities is not to increase the number of houses built but to provide houses with a different form of tenure from those provided by other sources. When the housing target was set in 1965, it was assumed that housing societies would be able to build 15,000 houses a year by 1970. The societies have found however that the cost rents that they have to charge for their new flats are so much out of line with local authority rents, that the whole future of cost-rent societies is in doubt. The Corporation hopes however that co-ownership will be more successful.

It is clear that housing societies will not be able to build anything like 15,000 houses a year by 1970 (they started only 2,400 in 1966) and in Annex A we have assumed their contribution will build up to 7,500 by 1970.

By slowing down the approval of new schemes, it might be possible to produce savings of perhaps £10 million in 1970/71 but it would mean abandoning cost rent and co-ownership as instruments of housing policy. 70% of a housing society's finance comes from the building societies, and this money would presumably either be lent instead for ordinary house purchase, or to some degree to housing associations. The societies might also seek funds from
local authorities who are accustomed to lending to the ordinary housing associations. There would however be some reduction in the money available for house-building, and some reduction (up to 2,000) in the number of houses built. We do not consider therefore that there is any real scope for savings under this head.
CABINET

PUBLIC EXPENDITURE: CIVIL REVIEWS; EDUCATION AND SCIENCE

Memorandum by the Chancellor of the Exchequer

I attach for the information of my colleagues the civil review carried out by officials on education and science expenditure. This sets out in detail the various choices open to us, which are summarised in the relevant section of the official report "Public Expenditure: Areas of Choice" circulated as C(67) 102.

L.J.C.

Treasury Chambers, S.W.1.

15th June, 1967
### Review of Civil Expenditure to 1971-72

#### Education and Science

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<td>1-5</td>
</tr>
</tbody>
</table>

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</thead>
<tbody>
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<td>5-9</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>PART III</th>
<th>Summary of Reduced Programme</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Paragraphs 14-26</td>
<td>9-15</td>
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| ANNEX C        | Teacher Supply (England and Wales) | 64-67 |
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Review of Civil Expenditure to 1971-72
Education (including school meals, milk, public libraries and museums)

PART I - INTRODUCTION

1. The National Plan postulated an increase in education's share of G.N.P. from 5.4 per cent in 1964-65 to 5.9 per cent in 1969-70. Tables 1 and 2 give some selected figures.

Table 1

Public expenditure on education (including school meals and milk) as a percentage of G.N.P.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-51</td>
<td>3.2</td>
</tr>
<tr>
<td>1960-61</td>
<td>4.4</td>
</tr>
<tr>
<td>1963-64</td>
<td>5.2</td>
</tr>
<tr>
<td>1964-65</td>
<td>5.4</td>
</tr>
<tr>
<td>1965-66</td>
<td>5.6 (provisional)</td>
</tr>
</tbody>
</table>

Table 2

Public expenditure on education (excluding school meals and milk) as a percentage of total taxation receipts of public authorities

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963-64</td>
<td>14.8</td>
</tr>
<tr>
<td>1964-65</td>
<td>14.7</td>
</tr>
<tr>
<td>1965-66</td>
<td>14.6 (provisional)</td>
</tr>
</tbody>
</table>

2. The 1967 P.E.S.C. figures show an increase in expenditure on education and libraries from £1989m. in 1967-68 to £2452m. in 1971-72. Table 3 summarises the figures and compares them with the recasted P.E.S.C. 1966 figures.
### Table 3

#### 1967 Survey Prices

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>1761</td>
<td>1746</td>
<td>1862</td>
<td>1956</td>
<td>2049</td>
</tr>
<tr>
<td>S.E.D.</td>
<td>190</td>
<td>190</td>
<td>203</td>
<td>214</td>
<td>216</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1951</td>
<td>1936</td>
<td>2065</td>
<td>2170</td>
<td>2144</td>
</tr>
<tr>
<td><strong>Libraries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>47</td>
<td>50</td>
<td>50</td>
<td>55</td>
<td>53</td>
</tr>
<tr>
<td>S.E.D.</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50</td>
<td>53</td>
<td>53</td>
<td>58</td>
<td>56</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>2001</td>
<td>1989</td>
<td>2118</td>
<td>2226</td>
<td>2207</td>
</tr>
</tbody>
</table>

3. For education in Great Britain the P.E.S.C. 1967 figure for 1971-72 is about 27 per cent higher than the recosted P.E.S.C. 1966 figure for 1966-67, an annual increase of 5.2 per cent compared with 5.8 per cent a year between 1964-65 and 1969-70 postulated in the National Plan (and an estimated actual annual increase of over 6 per cent between 1964-65 and 1966-67).

4. The main policies underlying the P.E.S.C. 1967 figures are:

   (1) Provision for the larger numbers of children resulting both from bigger age-groups and the trend towards voluntary staying on at school beyond the school leaving age, and from the raising of the school leaving age in 1970-71. It is estimated that these factors will
increase the school population in England and Wales from 7.3m. in 1967 to 8.7m. in 1972 i.e. by nearly 20 per cent, and in Scotland from 889,000 to 1 million i.e. by 12 per cent.

(ii) An increase in the number of teachers in schools in order to make possible the elimination in England and Wales of classes over 40 in primary schools and over 30 in secondary schools (requiring respectively staffing ratios of 1:26.3 and 1:15.7) at the earliest possible date. It is estimated that the number of qualified teachers (full-time equivalent) will increase by nearly 25 per cent from 305,000 in 1967 to 380,000 in 1972 and that staffing ratios over the same period will change from 1:25.5 to 1:26.8 in primary schools and from 1:18.3 to 1:18.4 in secondary schools (after improving to 1:16.9 in 1970-71, just before the school leaving age is raised). In Scotland it is estimated that the number of certificated teachers will increase by 12 per cent.

(iii) Provision of courses of higher education, in accordance with the Robbins recommendation, for all those who are qualified by ability and attainment to pursue them and who wish to do so. Numbers of students in universities, colleges of education and full-time advanced further education are estimated to increase from 339,000 in 1966-67 to 416,000 in 1971-72 i.e. by nearly 23 per cent.

5. Table 3 shows that the P.E.S.C. 1967 figures for England and Wales for 1970-71 are some £20m. less than the recosted P.E.S.C. 1966 figures - mainly because of the smaller numbers of teachers now expected in schools. (See paragraph 21 and Annex C.) This sum has to be deducted from the expanded programme summarised in Table 4 and added to the reduced programme in Table 6 in order to arrive at programmes respectively about 5 per cent greater and 7½ per cent less than those in P.E.S.C. 1966. For Scotland the P.E.S.C. 1967
figures for 1970-71 exceed the recosted E.S.C. 1966 figures by £1.7m, mainly because of the likely increased numbers of further education students. This sum has to be added to the reduced programme and deducted from the expanded programme to give the totals shown in tables 4 and 5 respectively.

6. Four points affect the consideration of the alternative programmes. First, the 1970's will be a period of considerable strain for education, because the school and college population will be rising rapidly under the impetus of the renewed surge in the birthrate in the late 1950's (as well as the growth in enrolment rates). This contrasts with housing: the rate of family formation will be reflecting the trough in the birthrate between the late '40's and the late '50's. Second, a number of welfare objectives can be achieved by educational policies which thus contribute to a general attack on the problem of child poverty. Examples are to be found in Annexes A1, 2 and 4.

7. Third, eighty-five per cent of current expenditure on education is local authority expenditure eligible for rate support grant. As the law now stands, the rate support grant, once settled for a given period, cannot be reduced and can be increased only for major rises in costs (i.e. pay and prices). The current rate support grant settlement covers 1967-68 and 1968-69. For later years there is no difficulty in fixing rate support grant by reference to a higher or lower total of estimated expenditure. Even then, because it is a block grant, there is no certainty that local authorities will adjust their actual expenditure in the way intended by the central Government. The relevant figures in this memorandum assume that these difficulties will in practice be effectively circumvented.

8. The fourth point is that the review as originally set in motion related primarily, thought not exclusively, to expenditure in 1970-71, and this paper has been prepared accordingly. Departments were however subsequently asked to pay particular attention to the
possibility of reductions in expenditure in 1968-69. The technical problems in relation to current expenditure attracting rate support grant, discussed in the previous paragraph, are relevant here. It is understood, however, that it would be possible to take into account the higher income accruing to local authorities from any increase in charges (e.g. for school meals) in the current biennium by setting them off against the increased costs arising from e.g. an increase in pay which would justify a rate support grant increase order in the autumn of this year. If this could be done, the additional income accruing to local authorities from a higher charge for school meals (see footnote to table 6) could be used to reduce total expenditure in 1968-69. The postponement of the raising of the school leaving age would also yield substantial savings in 1968-69 (see paragraph 4 of Annex B3).

PART II - SUMMARY OF EXPANDED PROGRAMME

9. Table 4 summarises the expanded programme which, after allowing for the adjustments referred to in paragraph 5, adds 4.7 per cent in 1970-71 to the basic programme in P.E.S.C. 1966. Details are given in Annexes A1-14: the numbering corresponds to the items in Table 4.
Table 4

<table>
<thead>
<tr>
<th></th>
<th>£million</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Acceptance of targets recommended in Plowden Report involving additional expenditure.</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>22</td>
</tr>
<tr>
<td>S.E.D.</td>
<td>2.0</td>
</tr>
<tr>
<td>2. Following from Newsom Report, assistance to secondary schools, especially in educational priority areas, in parallel with 1.</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>3</td>
</tr>
<tr>
<td>S.E.D.</td>
<td>0.5</td>
</tr>
<tr>
<td>3. Improvement to secondary school buildings.</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>3</td>
</tr>
<tr>
<td>S.E.D.</td>
<td>-</td>
</tr>
<tr>
<td>4. Additional voluntary staying-on at school.</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>6</td>
</tr>
<tr>
<td>S.E.D.</td>
<td>0.2</td>
</tr>
<tr>
<td>5. Integration of public schools (first stage).</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>2</td>
</tr>
<tr>
<td>6. In-service training of teachers.</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>2</td>
</tr>
<tr>
<td>S.R.D.</td>
<td>0.1</td>
</tr>
<tr>
<td>7. Addition to further education building programme.</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>1</td>
</tr>
<tr>
<td>S.E.D.</td>
<td>0.1</td>
</tr>
<tr>
<td>8. Additional capital investment for sport and the youth service.</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>1</td>
</tr>
<tr>
<td>S.E.D.</td>
<td>0.1</td>
</tr>
<tr>
<td>---</td>
<td>---------</td>
</tr>
<tr>
<td>9. Improvements to university buildings (Great Britain)</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>-</td>
</tr>
<tr>
<td>10. Extra places in medical schools (Great Britain)</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>1</td>
</tr>
<tr>
<td>11. The Open University (Great Britain)</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>2</td>
</tr>
<tr>
<td>12. Implementation of Robertson Report on pre-service and in-service training</td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td>0.1</td>
</tr>
<tr>
<td>13. Hostel provision for colleges of education</td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td>0.1</td>
</tr>
<tr>
<td>14. Miscellaneous</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td>1</td>
</tr>
<tr>
<td>S.E.D.</td>
<td>-</td>
</tr>
<tr>
<td>Imputed Rent</td>
<td>-</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>4.7</strong></td>
</tr>
<tr>
<td>of which D.E.S.</td>
<td><strong>4.4</strong></td>
</tr>
<tr>
<td>S.E.D.</td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>

**Notes:**

(a) The order of these items does not express any departmental order of priority.

(b) The figures quoted for the four years 1968-69 to 1971-72 represent in most cases the maximum additional expenditure possible. It will be clear from what is said below where less ambitious alternatives are feasible.

(c) The estimates for 1979-80, some of which are based on the "more ambitious" programme described in paragraphs 29-33 of the report on public expenditure to 1980 (E.D.(C)(66)99).
are inevitably very rough. In several cases it does not make sense to give any figure.

(d) Totals will not add because of rounding.

**Plowden Report**

10. The main recommendations are:

(i) positive discrimination for schools in socially handicapped areas (educational priority areas) - £20m. in 1970-71;

(ii) expansion of nursery education, staffed largely by nursery assistants, so that it should be generally available by 1977 - £16m. in 1970-71;

(iii) a national training scheme for teachers' aides in primary schools and a national pupil/staff ratio for the employment of aides - £13m. in 1970-71;

(iv) improvements to primary school buildings - nil in 1970-71 (outside educational priority areas), £9m. in 1971-72.

**Newsom Report**

11. Many recommendations in the Plowden Report reflect those made in the Newsom Report of 1963 on secondary education and action in educational priority areas should be taken on both together. Additional expenditure in secondary schools is needed for larger numbers of non-teaching staff, more and better equipment, more books etc.

**Improvements to Secondary School buildings**

12. Approved school building programmes in England and Wales from 1965/66 to 1967/68 made provision for some £25-30m. worth of starts each year to be devoted to the improvement and replacement of old schools. The approved programmes for 1968-69 and 1969-70 are larger and include substantial allocations for raising the school leaving age; but they allow only about £10m. a year for improving and replacing old buildings. The Department's 1967 P.E.S.C. forecasts assume £10m. for improvements in the starts programme for 1970-71 and 1971-72, which have still to be settled. It is however clear
from experience in drawing up lists of projects for inclusion in the 1968-69 programme that £10m. a year will leave much to be tackled. It is therefore proposed that the programmes assumed in the 1967 P.E.S.C. forecast should be increased by £20m. in each year of the years 1969-70 to 1972-73. A small increase for improvements is also proposed for Scotland.

In-Service training of teachers

13. Additional expenditure is proposed to cover (a) increased costs incurred by the Education Departments and other bodies in running training courses, and certain miscellaneous expenditure, (b) subsistence allowances for teachers attending courses, (c) capital provision for training centres.

Other Items

14. Details of the remaining items - voluntary staying on at school, integration of the public schools, additions to the further education building programme, additional capital investment for sport and the youth service, improvements to university buildings, extra medical school places, the Open University, the miscellaneous group and, for Scotland only, implementation of the Robertson Report and increased hostel provision for colleges of education - are given in Annexes A4, A5 and A7-14 below. The total additional cost of these items is as follows:-

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
<td>24</td>
<td>36</td>
<td>41</td>
</tr>
</tbody>
</table>

PART III-- SUMMARY OF REDUCED PROGRAMME

15. Table 6 summarises the reduced programme. In 1970-71, again after allowing for the adjustments referred to in paragraph 5, it represents a reduction of 7.8 per cent on the P.E.S.C. 1966 basic programme. Details are given in Annexes B1-8.
### Table 6

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Charge 2/6d for school dinners.</td>
<td>25 * *</td>
<td>31 *</td>
<td>41 *</td>
<td>46 *</td>
<td>See Note (c) below</td>
</tr>
<tr>
<td>D.E.S.</td>
<td>4.0</td>
<td>4.4</td>
<td>5.0</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td>1.9</td>
<td>2.0</td>
<td>2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Abandon statutory provision of milk in primary and secondary schools (except for those in need)</td>
<td>13</td>
<td>13</td>
<td>14</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td>-</td>
<td>1.9</td>
<td>2.0</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>3. Postpone raising school leaving age: by four years in England and Wales, by two years in Scotland</td>
<td>31</td>
<td>43</td>
<td>44</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td>-</td>
<td>0.5</td>
<td>2.5</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>4. Reduce capital and current expenditure on further education (England and Wales)</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Reduce expenditure on universities (Great Britain)</td>
<td>2</td>
<td>6</td>
<td>9</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Reduce student support</td>
<td>6</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td>-</td>
<td>3.3</td>
<td>5.2</td>
<td>5.4</td>
<td></td>
</tr>
<tr>
<td>7. Reduce expenditure on public libraries and museums (England and Wales)</td>
<td>3</td>
<td>8</td>
<td>13</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>D.E.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td>0.3</td>
<td>0.6</td>
<td>1.1</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>8. Reduce numbers of uncertificated teachers (Scotland)</td>
<td>0.5</td>
<td>1.5</td>
<td>2.0</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Reduce replacement component in school building programme (Scotland)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S.E.D.</td>
<td></td>
<td></td>
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</tbody>
</table>

Note (c): See Note (c) below.
<table>
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<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce grant to grant-aided secondary schools (Scotland)</td>
<td>S,E.D.</td>
<td>0.3</td>
<td>0.4</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Reduce social and recreational expenditure</td>
<td>S,E.D.</td>
<td>0.1</td>
<td>0.2</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Imputed Rent</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Grand total</td>
<td></td>
<td>96</td>
<td>137</td>
<td>164</td>
<td>178</td>
</tr>
<tr>
<td>(of which) D,E.S.</td>
<td></td>
<td>91</td>
<td>124</td>
<td>145</td>
<td>160</td>
</tr>
<tr>
<td>S,E.D.</td>
<td></td>
<td>5</td>
<td>13</td>
<td>19</td>
<td>18</td>
</tr>
</tbody>
</table>

*In addition there would be increased income from the charges of about £12m. a year in each of the four years.

**Notes**

(a) The order of these items does not express any departmental order of priority.

(b) Generally speaking the figures represent the maximum reductions feasible. It will be clear from what is said below to what extent these maxima may be modified.

(c) By 1980, on the assumption that the school leaving age (item 3) is postponed as postulated, the total saving from all items would be of the same order as in 1970/71.

(d) Totals will not add because of rounding.

**Charge 2/6 for School Dinner**

16. The present charge of 1/- per dinner was fixed in 1957 when the cost of the dinner was about 1/10d; it is now about 2/6d and the cost of providing school dinners in 1966-67 was about £80m. (excluding capital expenditure). The estimate for 1970-71, with a charge of 1/-, is £104m. An increase in the charge would reduce net public expenditure by increasing revenue from parents and by reducing demand: the estimate of savings in Table 6 reflects the latter
element only. It is assumed that remission scales would be modified to prevent hardship.

Abandon provision of milk

17. Administratively the withdrawal of milk would be preferable to charging for it. There is a nutritional case for retaining milk in primary schools: the savings from withdrawing it would be about £10m.-£11m. a year. The medical evidence on secondary schools is less clear. The savings from withdrawing milk from them alone would be nearly £5m. a year. It is assumed in both cases that milk would not be withdrawn from 10% of the pupils who might otherwise suffer hardship.

Postpone Raising School Leaving Age

18. The Education Acts provided for the school leaving age to be raised to 16 at a date to be fixed. In 1966 it was announced that plans were being made so that the age could be raised in the autumn of 1970. Projections of numbers of pupils of secondary school age and of teachers available for 1970-71 indicated that staffing ratios would then be most favourable for the operation. In England and Wales, assuming that the operation were postponed for at least four years the savings would be as indicated. Wider considerations affecting this issue are discussed in Annex B 3.

19. In Scotland, some of the building starts needed for raising the school leaving age are taking place this year and a four-year postponement of the R.S.L.A. date would disrupt some authorities programmes. Postponement for two years, on the other hand, would give more time to build up numbers of certificated teachers in preparation; and the Scottish savings are based on this assumption.

Reduce Further Education Expenditure (England and Wales)

20. Total current expenditure on further education in 1970-71 (including awards to students) is forecast at £200m., capital expenditure at £53m. To achieve the savings indicated it would be necessary:
(i) to reduce rate support grant with a view to reducing current expenditure directly;

(ii) to reduce building programmes in order both to save expenditure on new building and also, indirectly, to check the rate of expansion of future current expenditure.

In making any reductions it would be necessary to avoid disrupting developments at advanced level (see Annex D) and those associated with industrial training.

Reduce Expenditure on Universities (Great Britain)

21. It is estimated that the savings indicated would be made on current expenditure if the average staff/student ratio were 1:9 instead of the present 1:8 and existing Robbins numbers were adhered to. The annual growth factor would need to be reduced to 0.4 per cent per student. On capital expenditure no savings will be possible in the period under review without putting at risk the Robbins targets for higher education up to 1973: see Annex D.

Reduce Student Support

22. Savings could be achieved by one or more of the following:

(i) reducing the maximum value of awards by, say 10 per cent;

(ii) reducing or abolishing the vacation element in the maintenance grant;

(iii) increasing the value of the parental contribution;

(iv) introducing some form of loan scheme for awards.

Items (i)-(iii) would all save similar amounts in a full year.

The savings indicated in Table 6 are based on (i) above for England and Wales which could in practice be carried out by not increasing the money value of awards in the autumn of 1968 when the next review of awards is due. For Scotland the basis is item (iv) above, under which about £130 of the present grant would be replaced by a Government-guaranteed bank loan.
23. Capital expenditure could be reduced by holding loan sanctions in 1967-68 and subsequent years to the 1966-67 level of £4.5m. (£2.7m. at 1967 Survey prices). For current expenditure the next rate support grant exercise in the autumn of 1968 could be used to freeze local authorities' estimated expenditure in the two following years at the 1968-69 level. Such a freeze would become progressively more severe.

Other Items (Scotland)

24. Small savings would be yielded by the following items, which are described more fully in Annex B 8:

(i) Reduction in numbers of uncertificated teachers: if the recommendations of the Roberts Committee on this point are implemented and the teaching force better deployed, some 700 of the least effective uncertificated teachers might be replaced by 1970-71. The disadvantage of larger class sizes would be outweighed by the improved quality of the teaching service.

(ii) Reduction of replacement component in school building programme.

(iii) Reduction of grant to grant-aided schools: an arbitrary reduction to achieve £0.5m. in a full year would cause fees to increase by nearly 40 per cent.

(iv) Reduction of social and recreational expenditure: both current and capital expenditure could be cut.

Teacher Supply (England and Wales)

25. In P.E.S.C. 1966 it was estimated that there would be 386,000 teachers in primary and secondary schools in 1971. The P.E.S.C. 1967 estimate is 374,000 (at a cost of £556m. in 1970-71). The downward revision is the result of the latest information about wastage rates. Details are given in Annex C.
26. There are three points to make about the new estimate:

(i) It is still provisional. A full analysis of the data will not be available until later in the year, when the figures may be adjusted (in either direction).

(ii) But the new estimate represents a serious blow to the prospects of eliminating oversize classes by the mid-1970s and no further reduction in expenditure on teachers is contemplated by D.E.S.

(iii) It would not be possible to make further reductions by 1970-71 short of ceasing to employ teachers already in service or not employing those already in the colleges or entering the colleges this year.

Higher Education

27. Higher education is discussed in Annex D, which shows that the Robbins targets for 1973 may need revision when a study of student numbers now in progress is completed later in the year. Meanwhile no changes are contemplated by D.E.S. in expenditure on higher education which would have the effect of reducing the planned number of students.
ANNEX A 1
Implementation of Plowden Report (G.B.)

ENGLAND AND WALES

1. The Central Advisory Council's report, published in January 1967, was the first comprehensive survey of primary education in England and Wales for over 30 years. It focused attention on the largest single sector of the educational system: in January 1966 there were about 4.4m children in primary schools compared with 2.8m in secondary school. The report pointed out that:

(i) the development of nursery education has been severely restricted, mainly because of the shortage of teachers;
(ii) classes in primary schools are much larger than in secondary schools. In 1966 the respective staffing ratios were 1:29.7 and 1:18.6. Statutory Regulations require that primary school classes should contain not more than 40 pupils and secondary classes not more than 30;
(iii) current expenditure per pupil in primary schools has hardly increased in real terms since 1962-63;
(iv) primary schools have not benefited as much as secondary schools from school building policies. The programme for the reorganisation of all-age schools launched in 1955 conferred only incidental advantages on primary schools but yielded many new secondary schools; the White Paper of 1958 gave priority to the improvement of secondary rather than primary schools; the special allocation for raising the school leaving age in 1970-71 will again largely benefit secondary schools. Yet the School Building Survey of 1962 showed that a larger proportion of primary school premises were unsatisfactory.
MAIN RECOMMENDATIONS: (a) EDUCATIONAL PRIORITY AREAS

2. Extra help was proposed for primary schools in these areas by:

(i) appointing more teachers, at the expense of the rest of the country;
(ii) special allowances to all teachers in these schools;
(iii) more teachers' aides in these schools than elsewhere;
(iv) priority in higher building programmes and a special allocation for minor projects (those costing less than £20,000 each);
(v) expanded nursery provision in advance of the national scheme;
(vi) adjusted Exchequer grant to the local authorities concerned.

3. These proposals involve some difficulties, in identifying priority areas as defined by the Council, in modifying the quota system to divert teachers to these areas, in making special salary allowances, and in adjusting the system of Exchequer grants on the lines proposed by the Council. But in C(67)9 the Secretary of State for Education and Science has already indicated his general support for the principle of positive discrimination in favour of schools in socially handicapped neighbourhoods; the Cabinet have agreed that the question should be considered further in the context of family endowment.

(b) NURSERY EDUCATION

4. The main features of the Plowden recommendations were:

(i) nursery education from the age of 3 to 5 plus should be available on a voluntary basis for all children; for 80% of term on a part-time basis;
(ii) in the short term this should not require any additional qualified teachers: those at present teaching under 5's in primary schools would be available;

(iii) a major scheme should be launched for the recruitment and training of nursery assistants: 70,000 would be needed for 1980;

(iv) between 175,000 and 250,000 additional nursery school places would have to be provided, at a cost of over £100m spread over ten years.

5. The current expenditure per pupil was estimated at over £100 a year, or some £80m a year in all by the 1980's. Against this could be offset existing expenditure, between £30m and £40m a year, on educating children aged 3 and 5 in infant and nursery schools and classes. An influential minority of the Plowden Council recommended an economic fee of 5s. a half day for each child in a nursery school, with appropriate remissions for poorer children. (This is in line with the existing arrangements in day nurseries.)

6. The Council argued that a large proportion of the additional teachers' aides and nursery assistants could be found from among married women who would not otherwise be employed, and that the output of the mothers who would be enabled by a big expansion of nursery education to return to work would reduce by about £20m the real resources cost of the proposals. This saving is not allowed for in Table 7 below.

(c) CURRENT EXPENDITURE

7. The main recommendation is for a rapid increase in the number of teachers' aides in primary schools, rising to 50,000 by the mid-1970's. The manpower and financial considerations noted in paragraph 6 above are relevant here also.
CAPITAL EXPENDITURE

8. The Council recommend improvements to remedy the worst defects in all primary schools at a cost of between £50m and £70m (at 1966 survey prices) over seven years. (In comparison, the school building programme is already running at well over £100m a year.) They also recommend a special allocation of minor works to educational priority areas at an annual cost of £2m for five years. (This, with comparable expenditure in secondary schools, was the specific recommendation to which the Secretary of State was seeking approval in C(67)9.)

TOTAL EXPENDITURE

9. Table 7 below brings together the current and capital costs of the Plowden recommendations on the assumption that a start is made with implementing them in 1968-69.

<table>
<thead>
<tr>
<th>TABLE 7</th>
<th>COST OF PLOWDEN RECOMMENDATIONS</th>
</tr>
</thead>
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<tr>
<td></td>
<td>PRIMARY</td>
</tr>
<tr>
<td></td>
<td>£m</td>
</tr>
<tr>
<td>Training of aides</td>
<td>5</td>
</tr>
<tr>
<td>Other current*</td>
<td>1</td>
</tr>
<tr>
<td>Capital</td>
<td>4</td>
</tr>
<tr>
<td>Total (A)</td>
<td>10</td>
</tr>
<tr>
<td>NURSERY</td>
<td></td>
</tr>
<tr>
<td>Training of assistants</td>
<td>1</td>
</tr>
<tr>
<td>Other current</td>
<td>2</td>
</tr>
<tr>
<td>Capital</td>
<td>9</td>
</tr>
<tr>
<td>Total (B)</td>
<td>12</td>
</tr>
<tr>
<td>Grand Total (A + B)</td>
<td>22</td>
</tr>
</tbody>
</table>

*Including special allowances for teachers in educational priority areas. These are estimated as follows:—

<table>
<thead>
<tr>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968-69</td>
</tr>
<tr>
<td>1969-70</td>
</tr>
<tr>
<td>1970-71</td>
</tr>
<tr>
<td>1971-72</td>
</tr>
</tbody>
</table>

Source: Plowden Report Tables 40-45: (Capital expenditure adjusted to take account of the new cost limits introduced 1966.)
10. The first of the main recommendations of the Plowden Committee — the establishment of educational priority areas — has a relationship with one made in Scotland by the Roberts Committee which was set up in the light of the serious shortage of teachers in certain areas to consider measures to secure a more equitable distribution of teachers. This was that schools which were difficult to staff should be designated schools of temporary shortage and the staff serving in them should receive additional payments of salary as well as travel payments. If it were accepted that the Plowden, and in Scotland the Roberts, recommendations on special allowances to schools in particular areas should be implemented the cost in Scotland would be £0.5m in a full financial year.

11. If the other main recommendations were to be implemented to any extent in England and Wales it would be desirable for broadly similar steps to be taken in Scotland. On the assumption that implementation is started in 1968-69 the estimated cost would be as shown in Table 8 below.

**Table 8**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Primary</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training of Aides</td>
<td>0.7</td>
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<td>1.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Other current</td>
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<td>0.6</td>
<td>1.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Improvements in worst primary schools</td>
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<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursery</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training of Nursery Assistants</td>
<td>0.1</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Employment of Nursery Assistants (9,000 by 1980)</td>
<td>0.2</td>
<td>0.4</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Provision of additional nursery accommodation to take 80 per cent of 3-5 age group</td>
<td>1.0</td>
<td>1.5</td>
<td>1.5</td>
<td>1.4</td>
</tr>
</tbody>
</table>
Machinery

12. (i) Selection of educational priority areas.
   (ii) Rate support grant.
   (iii) School Building Programme.
   (iv) Establishment of training facilities for aides and nursery assistants.
1. It is proposed that action might be taken to improve secondary schools, particularly in the educational priority areas, in parallel with improvements to primary schools resulting from Plowden. Additional expenditure in secondary schools (beyond that implied by improved staffing ratios and the improvement factor in non-teaching costs per pupil allowed for in PESC forecasts) is needed for -

(i) non-teaching staff - e.g. laboratory technicians, library staff, school secretaries, teachers' aides;
(ii) laboratory equipment, audio visual aids (e.g. teaching machines, language laboratories, film projectors, television sets, CCTV, etc.);
(iii) text books and library books, etc.;
(iv) special allowances for teachers in educational priority areas.

Machinery

2. Rate support grant.
Annex A3

Improvements to Secondary School Buildings (G.B.)

ENGLAND AND WALES

1. The School Building Programmes from 1965-66 to 1967-68 made provision for the improvement and replacement of old schools. The programmes approved for 1968-69 and 1969-70, which include large allocations for raising the school leaving age, will allow nothing specifically for improvements which were however always regarded as a proper charge against the small margin of up to £10m. that the programmes were thought to offer when their value was fixed. It is intended, when allocating the programme, to approve a small number of improvement projects, mainly for primary schools, within the limits of the margin.

2. The School Building Survey of 1962 showed how great was the need for the improvement and replacement of old buildings. The progress resulting from the special allocations in the programmes up to 1967-68 is small in relation to the size of the problem. Moreover, while the priority for primary schools is justified because a larger proportion of their buildings are pre-1939 (and pre-1902), it means that little progress is being made with secondary school improvements. Old secondary buildings, many of which are not purpose-built, are proving increasingly inadequate for the needs of modern secondary education. Reorganisation on comprehensive lines, for which no special allocations have been made, underline their deficiencies, as nothing is being done to relieve the overcrowding from which many of them suffer. The increases proposed, on the assumption that the additional programmes in 1969-70 to 1972-73 were divided equally between minor (those costing less than £20,000 each) and major projects, would generate the additional expenditure, including expenditure on land, fees and equipment, shown in Table 4 above.
3. In Scotland the school building programme might also be increased to give expenditure of nearly £1m. in 1970-71 on the worst secondary schools.

Machinery

4. School building programmes.
Annex A4

Voluntary Staying on at School (G.B.)

ENGLAND AND WALES

1. Table 9 shows the numbers of 16 year olds in maintained schools in 1959 and 1965, and the estimated figures for 1971, just before the school leaving age is due to be raised.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>1959</th>
<th>1965</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 year olds</td>
<td>88,000</td>
<td>153,000</td>
<td>168,000</td>
</tr>
<tr>
<td>As percentage of age-group</td>
<td>15.4</td>
<td>20.4</td>
<td>25.6</td>
</tr>
<tr>
<td>17 year olds</td>
<td>38,000</td>
<td>82,000</td>
<td>89,000</td>
</tr>
<tr>
<td>As percentage of age-group</td>
<td>7.0</td>
<td>10.3</td>
<td>13.4</td>
</tr>
<tr>
<td>18 year olds</td>
<td>14,000</td>
<td>28,000</td>
<td>31,000</td>
</tr>
<tr>
<td>As percentage of age-group</td>
<td>2.6</td>
<td>3.7</td>
<td>4.7</td>
</tr>
</tbody>
</table>

2. Given the maintenance of recent trends the numbers aged 16 to 18 will increase by 25,000 between 1965 and 1971, or by over \( \frac{1}{2} \) in each age group. In the Northern half of the country the proportions staying at school beyond 15 are much lower than those shown, and there is wide evidence of a waste of talent (see further Annex B3). If the rate of increase could be doubled the extra numbers at school would be about 16,000 in 1969, 20,000 in 1970, 25,000 in 1971. With the raising of the school leaving age in 1971, mainly 17 and 18 year olds only would be involved in 1972, when the extra numbers would fall to about 10,000.

3. Little or no additional capital expenditure would be required, since the extra pupils could for the most part be housed in an existing or planned V and VI form accommodation. It is doubtful if any extra teachers would be recruited. Additional non-teaching costs of the order of £150 per pupil would be incurred. Additional expenditure would also be required on school maintenance allowances (these, ranging up to about £100 a year according to the pupil's
age, are payable by local authorities to parents with incomes at or close to supplementary benefit level who have children at school over the leaving age). The total cost of allowances at the moment is about £1.8 million a year, rising to £2.0 million in 1971-72. A doubling of the allowances, together with some relaxation in the means test, might be expected to treble these cost figures. In view of the regional disparity in numbers staying at school after the leaving age already referred to, regional discrimination in maintenance allowances might be possible. This has not been allowed for in Table 10 below.

4. Table 10 gives the additional expenditure which would be involved in this proposal.

**TABLE 10**

<table>
<thead>
<tr>
<th>Additional Expenditure</th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-teaching costs</td>
<td></td>
</tr>
<tr>
<td>2.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Maintenance allowances</td>
<td></td>
</tr>
<tr>
<td>3.8</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6.2</td>
</tr>
</tbody>
</table>

SCOTLAND

5. In some areas the proportion of children staying on at school is much lower than the Scottish average and many children who would profit from a longer period at school and who could take S.C.E. passes are leaving school prematurely. The rates and the contribution scale for higher school bursaries have been unchanged for some years now and bursary expenditure has fallen from £753,000 in 1963-64 to £587,000 in 1965-66. In real terms the fall has, of course, been much more and there has been strong pressure from the Association of County Councils and the Association of Directors of Education to improve the present position. The
waste of ability undoubtedly applies particularly to children from low-income families and an increase of £0.3m. in expenditure on higher school bursaries could give some help to these families and encourage more children (2,500 by 1971-72) to take advantage of the educational opportunities open to them. If additional pupils stayed on longer at school they could largely be accommodated in existing classes, but some expenditure will be incurred on their non-teaching costs.

Table 11

<table>
<thead>
<tr>
<th></th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional expenditure on Higher School Bursaries</td>
<td>0.2</td>
</tr>
<tr>
<td>Non-teaching costs</td>
<td>-</td>
</tr>
</tbody>
</table>

Machinery

6. Administrative action and rate support grant.
Annex A5

Integration of the Public Schools (England and Wales)

1. The Public Schools Commission is expected to present an interim report at the end of 1967, and to recommend that half or more of the places in public schools should be filled by pupils with a wide range of ability selected according to need for boarding education. Fees would be paid (on a means test) out of public funds. This would probably mean, at least at first, payments by the Exchequer.

2. The figures given in Table 4 assume that 6,000 new places are taken up each year beginning the academic year 1968-69, at an average cost to public funds of £400 each.

Machinery

3. Grants to individual pupils: this might require legislation.

Longer-term

4. It is difficult to estimate the longer-term effects of the Commission's likely proposals: the best guess at present for the end of the 1970s is a net expenditure of £20 m.
In-Service Training of Teachers (G.B.)

ENGLAND AND WALES

1. Over £50m. annually is spent by public authorities on the initial training of teachers. About £1m. apart from the teachers' salaries (about £2m.) is spent on providing in-service training for the teaching force of over 300,000. This does not do justice to the need to ensure that, in a situation in which educational techniques are undergoing rapid change, individual teachers are given the opportunity, in a professional career which may extend over more than 40 years, to keep up to date with current trends. Table 12 analyses the additional expenditure proposed.

**TABLE 12**

<table>
<thead>
<tr>
<th>In-Service Training</th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>0.5</td>
</tr>
<tr>
<td>Grants</td>
<td>0.5</td>
</tr>
<tr>
<td>Courses and Misc.</td>
<td>1.0</td>
</tr>
<tr>
<td>Total</td>
<td>1.5</td>
</tr>
</tbody>
</table>

SCOTLAND

2. Some provision has been made in the teacher-training programme for a unit in the West of Scotland and for one to be located in the East of Scotland but because of the demands on investment to provide basic teaching places this second unit has only a limited priority. It is proposed that the planning of in-service facilities be accelerated, and expenditure as follows has been included to cover the investment required, the maintenance costs of the units, and the salary costs of teachers who are seconded for the longer courses:
**Table 13**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additional capital expenditure</strong></td>
<td>0.1</td>
<td>0.3</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Additional current expenditure</strong></td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>0.5</td>
</tr>
</tbody>
</table>

**Machinery**

3(a) Administrative action and rate support grant (England and Wales).

(b) Grants from S.E.D. and rate support grant (Scotland).
Annex A7

Addition to Further Education Building Programme (G.B.)

1. The development of polytechnics and other specialist centres on the lines foreshadowed in Cmd. 3006 should permit concentration on full-time and sandwich higher further education, but residential accommodation would be needed on a considerably greater scale than the value of starts programmes so far assumed will permit. In the early stages this is expected to be contained within the basic programme up to and including that for 1968-69. Thereafter extra starts of £5m. in each of the three years 1969-70 to 1971-72 in England and Wales, and projects worth nearly £1m. in all in Scotland, are proposed.

Machinery

2. Building programmes.
Annex A8

Additional Capital Investment for Sport and the Youth Service (G.B.)

ENGLAND AND WALES

1. Total expenditure on sport and the youth service is expected to rise from £3.6 million in 1967-68 to £4.2 million in 1971-72. Capital expenditure (which accounts for some two-thirds of this) comprises grants to local youth and sports clubs for the development of their facilities and, for sport, for the provision of national recreation centres. The additional expenditure is proposed for these items, for the establishment of specialised national facilities for some sports, and for the replacement of the youth service training establishment at Leicester.

SCOTLAND

2. The Secretary of State has been asked to make a grant towards the cost of the facilities required in connection with the Commonwealth Games to be held in Edinburgh in 1970. No grant commitment has been entered into but, if it is accepted that a grant should be offered, provision will require to be made for it. The amount of capital grant might be about £0.4 million payable as follows:-

<table>
<thead>
<tr>
<th></th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968-69</td>
<td></td>
</tr>
<tr>
<td>1969-70</td>
<td></td>
</tr>
<tr>
<td>1970-71</td>
<td></td>
</tr>
<tr>
<td>1971-72</td>
<td></td>
</tr>
</tbody>
</table>

| Grant for Commonwealth Games facilities | 0.1 | 0.2 | 0.1 | - |

Machinery

3. Capital grants from the Departments.
ANNEX A9

Improvements to university buildings (G.B.)

1. On the basis of their capital survey the University Grants Committee submitted a case some time ago for building starts for each of the years 1970-71 and 1971-72 equivalent to over £4.2m in each year in terms of new cost limits. The FEBC basic programme provides only for the expenditure arising from £30m programmes (at new cost limits) for each of these two years. These programmes are likely to be fully committed to developing the new universities and former colleges of advanced technology to economic size, meeting urgent obsolescence and providing minimal development at the other 26 universities. An increase of £5m in each of the starts programmes for 1969-70, 1970-71 and 1971-72 would go part of the way towards meeting the U.G.C.'s assessment of their additional building requirements over this period to replace buildings seen to be in the first priority for replacement in October 1967 and would take no account of subsequent obsolescence.

Machinery

Extra Places in Medical Schools (G.B.)

1. The Report of the Royal Commission on Medical Education (the Todd Report), expected to appear early in 1968, will draw attention to the urgent need to increase the intake of medical students if a serious shortage of doctors is to be avoided; one proposal is likely to be for the establishment of five new medical schools over a period of years. When these are fully in operation the annual output of doctors from them is estimated to be about 900. The Commission has agreed that the provision of one new medical school, on which work could start late in 1968-69, would be consistent with its thinking.

2. The figures shown in Table 4 are for the estimated capital cost of this school and of another, work on which might start in 1970-71. No assessment has yet been made of the additional recurrent cost likely to fall in this period: a substantial part of the expenditure consequent on the Report is expected to be on the new medical schools. It is not possible at this stage to estimate the cost of other recommendations to be made in the Report, which are likely to include the expansion of some existing medical schools.

Machinery

The scheme for launching the Open University set out in Lord Goodman's Report of May 1966 has been approved in principle by Ministers, although no date has been fixed for its implementation. The scheme involves television programmes on B.B.C.2 building up from ten hours a week in year 1 to 30 hours a week in year 3 and subsequent years. The main items of expenditure will be:

**Table 15**

<table>
<thead>
<tr>
<th>CAPITAL</th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision of University Centre</td>
<td>0.4</td>
</tr>
<tr>
<td>Two Outside T.V. Broadcasting Units</td>
<td>0.45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>0.85</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RECURRENT</th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television Programmes</td>
<td>2.0</td>
</tr>
<tr>
<td>Radio Programmes</td>
<td>0.25</td>
</tr>
<tr>
<td>Administration, etc.</td>
<td>1.25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>4.35</td>
</tr>
</tbody>
</table>

(The figure of £1.25m. for administration takes account of the estimated cost of running the university centre and regional centres (premises and staff), viewing centres, and correspondence and tutorial support. £1m. was mentioned for this in the Goodman Report.)

2. The estimated build up of the expenditure if the scheme were to be launched in 1967-68 is shown in Table 16:-

**Table 16**

<table>
<thead>
<tr>
<th></th>
<th>CAPITAL</th>
<th>RECURRENT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967-68</td>
<td>0.35</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>1968-69</td>
<td>0.5</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>1969-70</td>
<td>-</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>1970-71</td>
<td>-</td>
<td>3.5</td>
<td>3.5</td>
</tr>
</tbody>
</table>
3. The possible transfer of Open University programme from B.B.C.2 to a fourth television network must also be taken into account. The White Paper on Broadcasting of December 1966 made it clear that until 1970 at least the fourth network would not be allocated; at that time the claims of Independent Television, and the possibility of using the network for a specialised service of educational television linked with the Open University, would be considered. If the latter course of action were taken, expenditure on the Open University by 1980 would be much greater than in 1970-71.

Machinery

4. An announcement to go ahead, followed by extensive planning of both educational and broadcasting aspects of the scheme.
ANNEX A12

Implementation of the Robertson Report (Scotland)

The Robertson Committee was set up to consider in the light of likely development in further education what scale and organisation of facilities were required for the professional training of teachers in further education. The Committee's main recommendations, apart from those dealing with the pattern of training courses, involved the setting up of a training unit for further education teaching and the release, by education authorities, of teachers for training without financial loss. If this latter recommendation were implemented education authorities would incur additional expenditure as follows:

Table 17

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of in-service</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>training of further</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>education teachers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ANNEX A13

Hostel Provision for Colleges of Education
(Scotland)

The Robbins Committee drew attention to the low proportion of students resident in colleges of education in Scotland and suggested that it would have to be increased. Some provision for hostel places has been included in the current building programmes, but this has been limited because of the need to devote resources to teaching accommodation. Expenditure as in Table 18 would enable better progress to be made towards reaching the Robbins recommendation that residential accommodation should be provided for two-thirds of the additional students entering higher education.

Table 18

<table>
<thead>
<tr>
<th>Colleges of Education</th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>0.1</td>
</tr>
<tr>
<td>Current</td>
<td>-</td>
</tr>
</tbody>
</table>
Educational Technology (G.B.)

(a) The National Advisory Council for Educational Technology: running costs are expected to increase from the initial figure of £20,000 p.a. to £30,000 by 1970-71 and about £50,000 by the mid-1970's. In addition, promotion activities and development work would involve expenditure of up to £200,000 annually by the mid-1970's.

(b) Sponsoring by the Department of the production of teaching films: annual expenditure, about £100,000.

(c) The establishment and equipment of pilot local or regional library and resources centres for schools and teachers: £100,000 annually for some 5 years, beginning in 1969-70, is proposed.

(d) A national library of recorded material: £100,000 annually for the recording of B.B.C. and I.T.V. educational programmes; an additional £50,000 annually if closed circuit television recordings produced by L.E.A.'s and institutions of higher education were included.

(e) Development of existing organisations such as the National Centre for Programmed Learning (Birmingham) and the British Universities Film Council: £100,000 annually.

Adult Education (G.B.)

(a) Raising the level of Department grant to the Responsible Bodies (the university Extra-Mural Departments and W.E.A. Districts) and to the national associations concerned with liberal adult education: £250,000 by 1970-71 rising to some £600,000 in the mid-1970's.

(b) A new capital programme for adult education (there is no separate provision at present), mainly for adult education centres.
In Scotland adult education has not developed as much as in England and Wales and an increase in current expenditure would be very desirable to give a boost to the service.

3. **Educational Research (G.B.)**

The 1967 P.E.S.C. forecasts provide for expenditure on educational research to be increased from just over £600,000 in 1967-68 to nearly £750,000 in 1971-72. This is based on the continuation of existing policies, including research linked with the activities of the Department's new Planning Branch. A greatly expanded programme of research in the field of educational planning would be valuable.

4. **University Computers (G.B.)**

Extra funds are proposed in 1970-71 and 1971-72 as an addition to the Flowers programme as now seen.

5. **University Contribution to Local Radio (England and Wales)**

The B.B.C. have been authorised to set up 9 local radio stations on an experimental basis. The recent White Paper on Broadcasting suggests that the local university where there is one might be among the bodies which might make a financial contribution to the costs of the station. The location of 7 of the stations is now known: all are near universities. Universities might make use of these facilities largely for extra-mural purposes; they could also broadcast refresher-type courses for professional people, and make a cultural contribution to the general community.

6. **Improvement of Education Authority Library Service (Scotland)**

There has not been a Libraries Act in Scotland similar to the recent English one and the service has not expanded in the same way. There is therefore scope for some increased expenditure for the library service provided by education authorities.
7. **Total Cost**

The cost of these items is set out in Table 19–

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Technology</td>
<td>0.1</td>
<td>0.3</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Adult Education</td>
<td>0.1</td>
<td>0.7</td>
<td>1.3</td>
<td>1.6</td>
</tr>
<tr>
<td>Educational Research</td>
<td>0.1</td>
<td>0.2</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>University Computers</td>
<td>-</td>
<td>-</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>University contribution to local radio</td>
<td>0.4</td>
<td>0.6</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Increased Library expenditure</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.7</strong></td>
<td><strong>1.8</strong></td>
<td><strong>4.3</strong></td>
<td><strong>5.0</strong></td>
</tr>
</tbody>
</table>
ANNEX B.1

Charge for School Dinner (G.B.)

1. This issue is dealt with both in the present paper and in the general paper about charges for services which is being prepared, on the instructions of Ministers. The reason for this double treatment is that about one-fifth of the net savings expected to result from a substantial increase in the school dinner charge (i.e. to 2/6d) would be attributable to increased revenues from the higher charge; the balance would be due to reduced consumption. Thus to a large extent the saving on this item would be due to a real cut back in the scope of the service.

2. In England and Wales about 4.65 million children take the school dinner daily (68.4 per cent of the pupils present). The number and percentage have been rising steadily: 10 years ago the corresponding figures were 3.06 m. and 47.9 per cent. In Scotland the percentage of children taking a meal is 45 compared with 29 10 years ago. The charge for the dinner is fixed nationally and there are remission scales under which children from needy families (where the family income is at or near supplementary benefit level) get meals free. In England and Wales the free meals taken as a percentage of all meals were 7.7 per cent in 1957 and 7.1 per cent in 1966, although the total numbers taking free meals have risen from 218,000 to 330,000 over this period. In Scotland the percentage of free meals was 16.0 in 1957 and 17.4 in 1966; numbers taking free meals have risen from 36,000 to 57,400 over the same period. The present charge of 1/- was fixed in 1957 when the cost of the dinner was about 1/10d; it is now about 2/6d and the cost (excluding capital) of providing school meals in 1966-67 was about £72 m. in England and Wales, £8 m. in Scotland. The estimate for 1970-71 at a charge of 1/- is £89 m. in England and Wales, £9.4 m. in Scotland.
3. Since the charge has not been increased for 10 years it is not easy to predict with accuracy the consequences of an increase; the margin of error increases with the size of the increase contemplated. Tables 20-21 give estimates for 1968-69 to 1970-71, on the assumption that the charge is increased in the autumn of 1967. It is also assumed that remission scales would be modified to improve the position of the needier families. Thus with an increase in the charge from 1/- to 1/6d a family with a gross income of about £18 a week and four dependant children, all taking school meals, might be required to pay for one child instead of the present three, giving a saving to the family of 7/6d per week.

Table 20

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial Year</th>
<th>Increased Revenue</th>
<th>Reduction in expenditure because of reduced demand</th>
<th>TOTAL reduction in net expenditure</th>
<th>Assumed fall in payers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
<td>1968-69</td>
<td>14</td>
<td>4</td>
<td>18</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>1969-70</td>
<td>14.5</td>
<td>4.5</td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970-71</td>
<td>15.5</td>
<td>5.5</td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971-72</td>
<td>16</td>
<td>6</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1968-69</td>
<td>20</td>
<td>11</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1969-70</td>
<td>20.5</td>
<td>12.5</td>
<td>33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970-71</td>
<td>22.5</td>
<td>13.5</td>
<td>36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971-72</td>
<td>23</td>
<td>15</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1968-69</td>
<td>11</td>
<td>24</td>
<td>35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1969-70</td>
<td>11</td>
<td>29</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970-71</td>
<td>11.5</td>
<td>37.5</td>
<td>49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971-72</td>
<td>12</td>
<td>42</td>
<td>54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Some reduction in capital expenditure for the school meals service - estimated at £1m in 1968-69 rising to £4m. in 1971-72 - would also be possible with a charge of 2/6d.
Table 21

SCOTLAND

<table>
<thead>
<tr>
<th>Charge of</th>
<th>Estimated total reduction in expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/6d.</td>
<td>1.3</td>
</tr>
<tr>
<td>2/-d.</td>
<td>2.7</td>
</tr>
<tr>
<td>2/6d.</td>
<td>4.0</td>
</tr>
</tbody>
</table>

4. An increase in the charge to 2/6d might result in a halving of the number paying for meals. Savings from reduced expenditure would progressively increase as a result of continuing rationalisation of the service to match the reduced output of meals. The figures assume the completion of this process by 1971-72.

Machinery

5. The Government already have power to vary the charge. From 1967 the 100 per cent school meals and milk grant is to be discontinued: savings resulting from a higher charge in the autumn of 1967 would be taken into account in assessing local authorities' claims for a rate support grant increase order for 1967-68 and 1968-69 and thereafter in the next settlement of rate support grant in autumn 1968. In Scotland there will not be a teachers' salary increase in 1967-68 and it may not be possible, because of the limited expenditure which would be covered in the Rate Support Grant increase order for 1967-68, to recover from the authorities all the savings for that year resulting from the higher charge.
Abandon provision of milk (G B)

1. Local education authorities are required by statutory regulations to supply 1/3rd of a pint of milk free of charge daily to every child attending a maintained primary or secondary school who wishes to take it. They are also empowered to supply milk for children at other types of school. Tables 22 and 23 show for 1966-67 the estimated number of children in the different categories who take free milk:

Table 22 (England and Wales)

<table>
<thead>
<tr>
<th>Number taking milk</th>
<th>As percentage of those attending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintained primary schools</td>
<td>3,830,000</td>
</tr>
<tr>
<td>Maintained secondary schools</td>
<td>1,640,000</td>
</tr>
<tr>
<td>Non-maintained schools</td>
<td>430,000</td>
</tr>
</tbody>
</table>

Note: Expenditure on school milk is estimated at £13.9m. in 1966-67 (including £4.5m. in secondary schools), rising to £16.0m. in 1970-71 (£4.6m.).

Table 23 (Scotland)

<table>
<thead>
<tr>
<th>Numbers taking milk</th>
<th>Percentage of pupils taking milk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>431,000</td>
</tr>
<tr>
<td>Secondary</td>
<td>222,000</td>
</tr>
</tbody>
</table>

2. Savings could be achieved by withdrawing milk or by charging for it. The arguments against the latter are that the administrative arrangements for collecting the small sums involved would be laborious, and, unless additional aides were employed which would reduce the savings, the teachers would be antagonised. Administratively withdrawal of milk would be preferable. The medical case for retaining milk is stronger for primary schools than for secondary schools. Assuming that alternative arrangements would have to be made for 10% of
of pupils who might otherwise suffer, savings would be as shown in Tables 24 and 25.

Table 24 (England and Wales)  

<table>
<thead>
<tr>
<th></th>
<th>£m.</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary schools</td>
<td>9.4</td>
<td>9.4</td>
<td>10.0</td>
<td>10.3</td>
</tr>
<tr>
<td>Secondary schools</td>
<td>4.0</td>
<td>4.0</td>
<td>4.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Total</td>
<td>13.4</td>
<td>13.4</td>
<td>14.3</td>
<td>14.7</td>
</tr>
</tbody>
</table>

Table 25 (Scotland)

<table>
<thead>
<tr>
<th></th>
<th>£m.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>1.2</td>
<td>1.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Secondary</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>1.9</td>
<td>2.0</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Machinery:

   (ii) Charging for milk: amendment of statutory regulations and administrative difficulties mentioned above.
   (iii) Rate support grant.
ANNEX B3

Postpone Raising School Leaving Age (G.B.)

ENGLAND AND WALES

1. In England and Wales the effect of raising the school leaving age in 1970-71 will be to keep in secondary schools about 350,000 pupils who would otherwise have left. It is not possible to recruit at short notice a large number of extra teachers to match the in-school number of pupils. Whenever the age is raised, it will be necessary gradually to build up the teaching force in advance. The later 1960's are a period of relatively static secondary school population: it is possible to build up the staffing ratio to take the extra load in 1970-71 before the secondary school population begins to rise again in the next decade. Table 26 shows the effects of raising the age (i) in 1970-71 and (ii) in 1974-75:

Table 26
Secondary Schools (England and Wales)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pupils (millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) R.S.L.A. 1970-71</td>
<td>2.8</td>
<td>2.8</td>
<td>2.9</td>
<td>3.5</td>
<td>3.7</td>
<td>4.0</td>
</tr>
<tr>
<td>(ii) R.S.L.A. 1974-75</td>
<td>2.8</td>
<td>2.8</td>
<td>2.9</td>
<td>3.1</td>
<td>3.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Qualified teachers* (thousands)</td>
<td>150</td>
<td>154</td>
<td>170</td>
<td>188</td>
<td>207</td>
<td>225</td>
</tr>
<tr>
<td>(incl. F.T. equivalent of p.t.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staffing ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>18.6</td>
<td>18.1</td>
<td>17.2</td>
<td>18.4</td>
<td>17.8</td>
<td>17.5</td>
</tr>
<tr>
<td>(ii)</td>
<td>18.6</td>
<td>18.1</td>
<td>17.2</td>
<td>16.6</td>
<td>16.1</td>
<td>17.5</td>
</tr>
</tbody>
</table>

*Latest projection used for PESO 1967 forecasts

Note: It is estimated that a ratio of 1 : 15.7 is required to secure the elimination of classes over 30.
2. Possible savings arising from postponement of the school leaving age for four years would fall under three heads:

(i) **Teachers:**
   For the reasons given in Annex C below no savings are expected by the Department.

(ii) **Non-teaching Costs** (other than training and salaries of teachers):
   Assuming a continuation of the present trend towards voluntary staying on, estimated savings, which begin in 1971-72, are shown in Table 27 below.

(iii) **Capital:**
   The Department plans to devote special allocations of £119m. (starts) over the four years 1968-69 to 1971-72 to the extra accommodation required for raising the leaving age. The projects concerned would generate about £44m. of expenditure (including fees, sites, and equipment) in 1970-71. If the age were not to be raised in 1970-71 and these allocations were cancelled the money could be saved.

**Machinery**

3. Administrative action through school building programmes.

**Savings**

4. Table 27 gives the details of the savings, on the assumption that the incidence of expenditure would be similar to that for minor projects (those costing less than £20,000).

![Table 27](image)

\begin{tabular}{lcccc}
\hline
\hline
Capital & 30.7 & 43.5 & 43.5 & 26.2 \\
Non-teaching costs / & & & & 19.8 \\
/ Including school meals (at 1/-) and milk (est. at £4m. a year).

\hline
\end{tabular}
Extent of Postponement

5. The reason for assuming a postponement of four years is to achieve savings in capital expenditure in 1970-71. There is no educational argument for choosing four years. There is no date in the 1970's when the staffing ratio would provide conditions for raising the age more favourable than those in 1970-71. It would be possible to achieve some savings by a shorter postponement: the incidence of the additional non-teaching costs would be postponed and some rephasing of the capital expenditure would be possible.

General

6. Over the past two years essential advance preparations for raising the age in 1970-71 have been gathering momentum. Some expenditure on the acquisition of sites, the planning of buildings and curriculum development (including the retraining of teachers) has already been incurred or committed. From the local education authority's point of view raising the age is not an isolated problem: it is part of the problem of dealing with growing numbers of pupils. Plans for the reorganisation of secondary education and building programmes have been prepared on the basis that the age will be raised, and to go into reverse now would lead to considerable confusion and some waste.

7. Despite the marked increase in the proportion of children staying voluntarily at school to 16 (from 48 per cent in 1956 to 26 per cent in 1965) and beyond, the Crowther, Newsom and Robbins Reports have provided evidence that large numbers still leave at 15 who could profit from continued education, including higher education.

8. The effects of postponement would not be spread evenly over the country. Compared with the national figure of 26 per cent, the proportion of those staying at school to 16 in 1965 ranged from 17 per cent in the northern region to 31 per cent in the southeast; the gap has steadily widened. To postpone raising the age would thus prolong social and geographical inequality.
9. One immediate effect of the raising of the school leaving age in 1970-71 will be to remove from the working population of Great Britain about 400,000 people who would otherwise have entered it in 1971. This would come at a time when the working population is for other reasons virtually static. On the other hand, the change should make for a better-educated population in the long run.

SCOTLAND

10. In Scotland the effect of raising the age in 1970-71 as proposed would be that nearly 40,000 secondary pupils who would otherwise have left would be kept in the schools. Some of the building starts for the R.S.L.A. are taking place this year and a long postponement of the operation would, at this stage, cause a considerable disruption of the authorities' plans. A postponement of two years, however, would enable authorities to make up any unavoidable delays and complete all their building for the operation in good time. Any postponement of the R.S.L.A. would, of course, help the build-up of certificated teachers. The following table gives the likely saving if there were a postponement of two years:

Table 28
(Scotland) £m.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital savings</td>
<td>0.5</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>Reduction in non-teaching costs (37,000 pupils in 1971-72)</td>
<td></td>
<td>1.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>
1. Further education courses are provided in some 500 technical and commercial colleges, 150 art colleges and 40 agricultural establishments. There are several hundred evening institutes (most of which use the buildings of secondary schools during the evenings). In 1965 there were nearly 1.7m. students in colleges of further education, together with 1.25m. in evening institutes. It is estimated that by 1970 the numbers will rise to 2.1m. and 1.6m. Expressed as full-time equivalents, numbers will increase from 560,000 in 1965 to 750,000 in 1970.

2. Tuition fees for home students in general cover about 5 per cent of the economic cost. Students under 19 usually pay no fees. Students on full-time degree courses get mandatory awards; those on other full-time courses often get awards at the discretion of the local education authority.

3. Further education has been one of the most rapidly expanding sectors of the educational system, as Table 29 shows:-

<table>
<thead>
<tr>
<th>Table 29</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cutturn Prices</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current (including awards to students)</td>
<td>57.2</td>
<td>66.2</td>
<td>77.7</td>
<td>90.2</td>
<td>106.5</td>
<td>120.5</td>
<td>144.3</td>
<td>162.8</td>
</tr>
<tr>
<td>Capital</td>
<td>19.3</td>
<td>20.9</td>
<td>24.7</td>
<td>25.5</td>
<td>25.4</td>
<td>28.1</td>
<td>29.3</td>
<td>30.1</td>
</tr>
</tbody>
</table>
4. This expansion has resulted from the Government's acceptance of the Robbins' targets for higher education, the need to facilitate the growth of courses linked with industrial training, and the development of management education.

5. Growth has been particularly rapid in the more advanced courses, as Table 30 shows.

Table 30
Expenditure on Advanced Further Education

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure</th>
<th>Expenditure at 1963-64 outturn prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959-60 (Actual)</td>
<td>14.2</td>
<td>14.2</td>
</tr>
<tr>
<td>1960-61</td>
<td>16.8</td>
<td>16.8</td>
</tr>
<tr>
<td>1961-62</td>
<td>20.4</td>
<td>20.4</td>
</tr>
<tr>
<td>1962-63 (Provisional Actual)</td>
<td>18.2</td>
<td>18.2</td>
</tr>
<tr>
<td>1963-64</td>
<td>22.7</td>
<td>22.7</td>
</tr>
<tr>
<td>1964-65</td>
<td>27.6</td>
<td>27.6</td>
</tr>
<tr>
<td>1965-66</td>
<td>36.0</td>
<td>36.0</td>
</tr>
<tr>
<td>1966-67 (Estimate)</td>
<td>42.8</td>
<td>42.8</td>
</tr>
<tr>
<td>1967-68 (Forecast)</td>
<td>48.8</td>
<td>48.8</td>
</tr>
</tbody>
</table>

6. Reductions in expenditure would be achieved by:
   (i) Reducing rate support grant
   (ii) Reducing capital allocations, by holding back the starting of individual building projects. This control is exercised directly by the Department. But it would not be possible without considerable dislocation to concentrate the impact of the cut on courses of a particular description because most colleges provide facilities for a wide range of courses, the accommodation for which is not readily separable. To achieve significant reductions in expenditure by 1970-71, starts should be limited in 1969-70 to about £20m. compared with £31m already allocated for 1967-68. Table 31 indicates what
savings would be effected by reductions of 5 per cent in both current expenditure (including awards) and capital expenditure.

Table 31

Savings in F.E. Expenditure

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968-69</td>
<td>9.2</td>
<td>1.9</td>
<td>11.1</td>
</tr>
<tr>
<td>1969-70</td>
<td>9.4</td>
<td>2.3</td>
<td>11.7</td>
</tr>
<tr>
<td>1970-71</td>
<td>10.0</td>
<td>2.6</td>
<td>12.6</td>
</tr>
<tr>
<td>1971-72</td>
<td>10.4</td>
<td>2.9</td>
<td>13.3</td>
</tr>
</tbody>
</table>
1. The 1967 PESC returns include provision for universities' recurrent expenditure on the basis of the cost per student achieved in 1966-67, the last year of the current quinquennium, revalued in 1967 terms and increased by a growth factor of 2½ per cent a year. An informed analysis of the practicable level of recurrent grant over the next quinquennium (the academic years 1967-68 to 1971-72) must await the examination of the University Grants Committee's proposals for the quinquennial estimates which will take place during the summer. All that has been settled so far is the provisional amount for the academic year 1967-68 - £117.5m.

2. To enable a saving of £9m. to be made in 1970-71 the growth factor would need to be reduced to 0.4 per cent a year. The saving would not, however, be presented in specific terms, given the necessary absence of prior consultation and the block grant principle by which universities are free to decide themselves how any particular saving can be achieved. The figures given in Table 6 are a straight progression, but it is normal in the Quinquennial Settlement to fix only the first and last years as bases and allowances must be made for adjustment of the intervening years.
Reductions in Student Support (G.B.)

ENGLAND AND WALES

1. Table 32 sets out the number of award holders in England and Wales assumed in PESC 1967:

Table 32 (England and Wales)

NUMBERS OF AWARD HOLDERS ASSUMED IN PESC 1967

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>University undergraduates (E. &amp; W.)</td>
<td>132,000</td>
<td>133,560</td>
<td>134,850</td>
<td>136,170</td>
</tr>
<tr>
<td>Colleges of education</td>
<td>98,000</td>
<td>101,500</td>
<td>104,200</td>
<td>106,700</td>
</tr>
<tr>
<td>Further education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Degree &amp; comparable</td>
<td>33,500</td>
<td>36,000</td>
<td>38,700</td>
<td>40,800</td>
</tr>
<tr>
<td>(ii) Others</td>
<td>24,000</td>
<td>25,900</td>
<td>27,800</td>
<td>29,300</td>
</tr>
<tr>
<td>University Departments of Education</td>
<td>5,232</td>
<td>5,566</td>
<td>5,632</td>
<td>5,683</td>
</tr>
<tr>
<td>Total</td>
<td>292,732</td>
<td>302,526</td>
<td>311,182</td>
<td>318,653</td>
</tr>
</tbody>
</table>

2. The award, based on a means test, comprises at the maximum tuition fees and a grant of £370 for maintenance. In PESC 1967 public expenditure on awards is estimated at £89m. in 1968-69 rising to £93m. in 1971-72. (The rate of increase is slower than that of student numbers because it is assumed that with rising real earnings parental contributions will increase.)

3. Savings could be achieved by:

(1) reducing the maximum value of awards by, say, 10 per cent in real terms i.e. by not increasing their money value to match increasing costs. This would be the most straightforward means: Table 33 below shows the estimated savings:
Table 33 (England and Wales)

SAVINGS AT 10 PER CENT REDUCED VALUE PER AWARD

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Universities</td>
<td></td>
<td>2.8</td>
<td>4.3</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td>Colleges of Education</td>
<td></td>
<td>2.1</td>
<td>3.2</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Further Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Degree &amp; comparable</td>
<td></td>
<td>1.2</td>
<td>2.0</td>
<td>2.1</td>
<td>2.2</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>University Departments of Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>6.3</td>
<td>9.7</td>
<td>10.0</td>
<td>10.2</td>
</tr>
</tbody>
</table>

(ii) reducing vacation element in grant. The element in the total grant ascribed to vacation allowance could be reduced by £20, from £35 to £15 (or for students in colleges of education, where vacations are shorter, from £27 to £7). With a student population of 300,000 it is estimated that this would give savings of nearly £6m. in a full year (full savings would appear in the second year). The complete abolition of the element in the grant ascribed to vacation allowance would give savings of about £10m. in a full year.

(iii) parental contributions on the present income scales are expected to reduce the cost to public funds of awards by about £30m. in 1970-71. The contribution is equivalent to 30-33 per cent of the parents' tax payments. If this proportion were raised to about 40 per cent, beginning in autumn 1968, the savings by 1970-71 would be £8m.-£10m. Amending regulations would be necessary.

(iv) loan schemes It is already clear that savings from a loan scheme would appear within a reasonable space of time only if the outlay in the initial stages were provided by the private sector, covered against risk by a premium payment from the Government which would be the
only public expenditure associated with the loan element. The effects of two examples of schemes are outlined below. It is assumed in each case that the administration would be entirely in the hands of a commercial organisation; that the Government would pay a premium of 15 per cent of the amount of the loan; that repayment would begin a year after graduation and would be spread over ten years; and that the student population would be 300,000. The earliest possible date for the introduction of either of these schemes, which would require legislation, is autumn 1969; substantial savings would not appear before 1971-72. The two schemes are:

(a) in addition to receiving their present grants, students would be empowered to borrow each year the parental contribution assessed as under the existing arrangements. By the third year this scheme would involve a total loan of about £30m. per annum. Savings (including extra tax receipts by abolishing income tax allowances for the parents of students in receipt of loans) would begin in year three and thereafter would be about £5.5m. per annum;

(b) each student would receive an outright grant of £200 per annum together with the right to borrow up to an additional £140 per annum. The total loan element would be about £2.2m. per annum by the third year. Savings (including extra tax receipts) would be about £1.9m. in year one, £3.8m. in year two, £15.7m. in year three and thereafter.
4. In Scotland it is proposed that about £130 of the present grant should be replaced by a loan, and that the banks should provide Government guaranteed loans of up to this amount. The minimum award of £50 would, of course, be abolished. No premium would be payable by the Government, as banks would be covered against risk by a guarantee for students who defaulted in their payments or for whom payment was waived on grounds of hardship. If such a system were introduced from the autumn of 1969 the savings would be as follows:

Table 34 (Scotland)

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969-70</td>
<td>3.3</td>
</tr>
<tr>
<td>1970-71</td>
<td>5.2</td>
</tr>
<tr>
<td>1971-72</td>
<td>5.4</td>
</tr>
</tbody>
</table>
ANNEX B7
Public Libraries and Museums (England and Wales)

CAPITAL EXPENDITURE

1. The forecasts of capital expenditure on local authority libraries and museums in PESC 1967, which are similar to the re-costed figures for PESC 1966, reflect the level of loan sanctions shown in Table 35.

Table 35
Loan Sanctions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.2</td>
<td>4.7</td>
<td>4.5</td>
<td>8.4</td>
<td>8.4</td>
<td>8.4</td>
<td>8.4</td>
<td>10.5</td>
</tr>
</tbody>
</table>

2. The holding of loan sanctions in 1967-68 and subsequent years to the 1966-67 level would produce over the four years 1967-68 to 1970-71 a total of £18m; sufficient, as Table 36 shows, to cover certain important groups of projects.

Table 36
Projects Deferred

<table>
<thead>
<tr>
<th>£ m.</th>
<th>Loan sanction already promised for 1967-68</th>
<th>2.7</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Other likely projects known</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>Other possible projects known costing over £50,000* each</td>
<td>9.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17.5</td>
</tr>
</tbody>
</table>

*Smaller projects are likely to be financed from revenue, for which starts of £0.8m. a year from 1967-68 are assumed. The resulting expenditure is allowed for in the figures in Table 37.

3. Table 37 shows the resulting savings:

Table 37
Savings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.9</td>
<td>3.6</td>
<td>3.9</td>
<td>4.7</td>
</tr>
</tbody>
</table>
4. Such restrictions would hold up some large projects, postpone much-needed improvements and retard the provision of library services in new housing areas.

**CURRENT EXPENDITURE**

5. For the purpose of rate support grant (R.S.G.) the Government accepted estimated expenditure at an average annual increase of over 6 per cent at constant prices on the estimated figure for 1966-67. For PESC 1967 a similar rate of increase has been projected to 1971-72. Table 38 compares the PESC 1967 figures with the recosted PESC 1966 figures:

   **Table 38**
   
<table>
<thead>
<tr>
<th>PESC figures</th>
<th>£ m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PESC 1966</td>
<td></td>
</tr>
<tr>
<td>(re-costed)</td>
<td>39.4</td>
</tr>
<tr>
<td>PESC 1967</td>
<td>43.3</td>
</tr>
</tbody>
</table>

6. There is a wide and growing margin between the two sets of figures. The next R.S.G. exercise (autumn, 1968) could be used to freeze estimated expenditure in the two following years at the 1966-69 level. This would yield the savings, compared with PESC 1967, shown in Table 39.

   **Table 39**
   
<table>
<thead>
<tr>
<th>Savings</th>
<th>£ m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969-70</td>
<td>4.1</td>
</tr>
<tr>
<td>1970-71</td>
<td>8.6</td>
</tr>
<tr>
<td>1971-72</td>
<td>13.5</td>
</tr>
</tbody>
</table>

**Note:** Even with these reductions the figures for 1969-70 and 1970-71 would be higher than the re-costed PESC 1966 figures. This explains why an increase in expenditure will be recorded on the special PESC forms to be used for the civil review.

7. The effects of such a freeze would progressively increase. Debt charges would be increasing, even on the reduced capital programmes postulated above. The economies which would be enforced...
would hit first the supply of books and second the recruitment of staff. Since a rising population would be making increasing demands on the service average standards would decline.

8. Very little can be done by library authorities to increase their income. Small additional sums might be raised by increasing fines, charges for the reservation of books and for gramophone records, the hire of premises etc. There are serious obstacles to the introduction of charges for the lending of books, which would be the only means of raising substantial sums: during the passage through Parliament of the Public Libraries and Museums Act 1964 all political parties agreed that the introduction of charges would seriously reduce the use made by the public of libraries and be both economically and socially unsound. Such charges are at present prohibited by law.

Machinery

9. Capital: administrative action

   Current: rate support grant
ANNEX B6

Other Scottish Items

Reduction in numbers of uncertificated teachers

1. The General Teaching Council in Scotland has set up a working party to consider the problem of uncertificated teachers and there will undoubtedly be pressure from them and the teachers' organisations to reduce the number of uncertificated teachers, especially as the supply of certificated teachers will be improving. Education authorities, however, might wish to retain as many uncertificated teachers as possible in order to reduce the sizes of classes and to staff particular black spots. If the Roberts Committee recommendations were implemented and if the teaching force were deployed to greater advantage about 700 of the seriously sub-standard teachers in employment might be replaced by 1970-71.

Reduction of replacement component in the school building programme

2. A reduction in capital expenditure in the schools sector could be obtained by cutting back starts on the small replacement component of the programme. There would be some difficulties in securing the appropriate reduction in expenditure in the years required, as pure replacement projects are very few and adjustments of the programmes might require to be made to avoid affecting other needs. Savings of the approximate order shown below could be expected; however, if starts in 1968-69 and 1969-70 were reduced from £26m. to £23.5m.

Table 40

<table>
<thead>
<tr>
<th></th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968-69</td>
<td>0.5</td>
</tr>
<tr>
<td>1969-70</td>
<td>1.5</td>
</tr>
<tr>
<td>1970-71</td>
<td>2.0</td>
</tr>
<tr>
<td>1971-72</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Reduction of grant to grant-aided secondary schools

3. An arbitrary reduction could be made in the amount of grant paid to grant-aided schools where at present the maximum percentage of grant from the Exchequer is 60 per cent. A cut to save £0.5m. in a full year would mean an increase in fees by nearly 40 per cent.
Social and Recreational Expenditure

In this sector developments in recent years have been rapid and in the recent R.S.3. negotiations with the local authorities they were proposing a rate of growth of about 40 per cent between 1965-66 and 1967-68 (from £1.1m. to £1.5m.) which was subsequently reduced to 30 per cent. There is still scope, however, for savings on current expenditure as shown in (i) below which would simply mean a falling off in the rate of increase rather than an actual decrease in expenditure. On the capital side, local authority expenditure on community and youth provision was estimated to more than double between 1965-66 and 1967-68 and this expansion was designed to remedy the effects of inadequate and insufficient provision in previous years. Some reduction in the rate of increase would be possible, however, through control of loan sanctions, to reduce starts, and make savings as in (ii) below:

Table 41

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Current expenditure</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>(ii) Capital expenditure</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>
ANNEX C

Teacher Supply (England and Wales)

1. Table 42 shows the number of teachers (including the full-time equivalent of part-time teachers) in maintained primary and secondary schools forecast in PESC 1965, 1966 and 1967. In each case the figures assume 111,000 students in the colleges of education by 1973, the Government’s present target, and no further increases thereafter.

<table>
<thead>
<tr>
<th>March</th>
<th>PESC '55 forecast</th>
<th>PESC '66 forecast</th>
<th>PESC '57 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All teachers</td>
<td>All teachers</td>
<td>All teachers</td>
</tr>
<tr>
<td>1966</td>
<td>310</td>
<td>309</td>
<td>308</td>
</tr>
<tr>
<td>1967</td>
<td>321</td>
<td>320</td>
<td>316</td>
</tr>
<tr>
<td>1968</td>
<td>334</td>
<td>334</td>
<td>326</td>
</tr>
<tr>
<td>1969</td>
<td>346</td>
<td>351</td>
<td>340</td>
</tr>
<tr>
<td>1970</td>
<td>362</td>
<td>368</td>
<td>357</td>
</tr>
<tr>
<td>1971</td>
<td>376</td>
<td>388</td>
<td>374</td>
</tr>
<tr>
<td>1972</td>
<td>389</td>
<td>407</td>
<td>390</td>
</tr>
<tr>
<td>1973</td>
<td></td>
<td>420</td>
<td>403</td>
</tr>
<tr>
<td>1974</td>
<td></td>
<td>440</td>
<td>415</td>
</tr>
<tr>
<td>1975</td>
<td></td>
<td>456</td>
<td>426</td>
</tr>
<tr>
<td>1976</td>
<td></td>
<td>473</td>
<td>436</td>
</tr>
<tr>
<td>1977</td>
<td></td>
<td>489</td>
<td>445</td>
</tr>
</tbody>
</table>

Note: No forecast was made in PESC 1965 for years after 1972.

2. The improvement between PESC 1965 and PESC 1966 in the years after 1968 resulted from an estimate of the results of the productivity exercise in the colleges of education. The PESC 1967 forecasts take account of the latest available information on end-of-course wastage (the number of teachers who after completing their training do not enter the maintained schools) and, more
important, on in-service wastage rates (the rates at which teachers leave the schools). Recent figures have shown that the forecasts of wastage rates made in the Ninth Report of the National Advisory Council on the Training and Supply of Teachers, and used with small modifications for PESO 1965 and PESO 1966, were too optimistic. The PESO 1967 forecasts show a decline in numbers in the years 1968 to 1972 to about, or even below, the level assumed in the 1965 forecasts. It is now estimated that the results of the productivity exercise will be more than offset by higher wastage rates. The latest forecasts are still provisional (pending a reappraisal later in the year), and, as always, subject to wide margins of error.

3. It is declared Government policy to secure the elimination of over-size classes in primary and secondary schools (classes over 40 and 30 respectively) at the earliest possible date. This requires staffing ratios (excluding unqualified teachers) of about 1:26.3 and 1:15.7 respectively. Table 43 gives the latest estimates of staffing ratios:

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966</td>
<td>29.7</td>
<td>18.5</td>
</tr>
<tr>
<td>1967</td>
<td>29.5</td>
<td>18.3</td>
</tr>
<tr>
<td>1968</td>
<td>29.2</td>
<td>18.1</td>
</tr>
<tr>
<td>1969</td>
<td>28.8</td>
<td>17.6</td>
</tr>
<tr>
<td>1970</td>
<td>28.0</td>
<td>17.2</td>
</tr>
<tr>
<td>1971</td>
<td>27.3</td>
<td>16.9</td>
</tr>
<tr>
<td>1972</td>
<td>26.8</td>
<td>18.4</td>
</tr>
<tr>
<td>1973</td>
<td>26.5</td>
<td>18.1</td>
</tr>
<tr>
<td>1974</td>
<td>26.3</td>
<td>17.8</td>
</tr>
<tr>
<td>1975</td>
<td>26.3</td>
<td>17.6</td>
</tr>
<tr>
<td>1976</td>
<td>26.3</td>
<td>17.5</td>
</tr>
<tr>
<td>1977</td>
<td>26.3</td>
<td>17.4</td>
</tr>
</tbody>
</table>
4. Table 43 shows that the staffing ratios required to eliminate oversize classes in primary schools will be achieved in 1974 but that no further progress will be made by 1977. In secondary schools the ratio will improve steadily until 1971 and then fall back, with the raising of the school leaving age, to about the present figure. Thereafter there will be slow progress, but by 1977 the ratio will still be well in excess of the level required to make possible the elimination of oversize classes and, indeed, little better than the estimated figure for 1969.

5. The new forecasts represent a severe setback to the prospects for improving teacher supply. So long as this remains the Government's primary educational objective, it would be out of the question to contemplate further reductions in teacher numbers. Indeed, there is in the Department's view a strong case for including some extra building starts (say £4m.) in 1971-72 as a first step towards a higher target of student numbers in the colleges of education than the current one of 111,000. (The expenditure involved would be £0.2m. in 1970-71 - for land - rising to £0.9m. in 1971-72 and £2.3m. in 1972-73.) But further physical expansion would not significantly affect teacher supply until the later 1970's, and in the meantime other ways of recruiting more teachers will have to be employed.

6. Table 44 shows, on the basis of the latest forecasts of teacher numbers, the extent to which the 1967 estimates of expenditure on teaching costs in primary and secondary schools fall short of the recosted estimates made or implied in PESC 1966.

<table>
<thead>
<tr>
<th>Year</th>
<th>£m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968-69</td>
<td>15</td>
</tr>
<tr>
<td>1969-70</td>
<td>21</td>
</tr>
<tr>
<td>1970-71</td>
<td>25</td>
</tr>
<tr>
<td>1971-72</td>
<td>25**</td>
</tr>
</tbody>
</table>

Table 44
Reduction in expenditure on teaching costs comparing PESC 1967 with PESC 1966 (recosted)
No forecast of expenditure for 1971-72 was made in PESC 1966. The comparison here is with the expenditure arising from the 1966 forecast of teacher numbers.
1. The Government are committed to the Robbins principle that courses of higher education should be available for all those who are qualified by ability and attainment to profit from them and who wish to undertake them. The Robbins Committee estimated in 1963, on the basis of their projections of the output of qualified school leavers, that 392,000 places (G.B.) in full-time higher education (universities, advanced further education and teacher training) should be available by 1973, including 218,000 in universities; and the Government are also committed to these targets.

2. Since 1963 the output of "qualified" school leavers has exceeded the Robbins Committee's projections; and as an interim measure, plans have been made to accommodate in advanced courses of further education the extra students (20,000 or so by 1973) who are likely to be qualified for, but unable to obtain, university places. The Education Departments are now engaged in a reappraisal of the Robbins recommendations on the growth of student numbers in the 1970's. This will take account of the latest projections of "qualified" school leavers, the distribution of numbers between the three sectors, the comparative cost of courses both between and within the three sectors and, so far as is possible, the probable demand for highly educated people. An interim report should be available before the end of the year.

3. Until this report has been considered, it would be wrong to set higher targets than those recommended by Robbins and, up to 1973, accepted by the Government. But equally the Education Departments would not regard any lowering of sights as justified, especially in view of the continuing need for more highly qualified manpower. The economies in further education in England and Wales canvassed
in the reduced programme (Annex B4) would have to exclude both advanced courses, to which the Government's plans for polytechnics will give a stimulus, and those associated with industrial training. The planned growth of the colleges of education is directly related to the needs of the schools for teachers and the recent deterioration in the prospects for teacher supply in England and Wales (Annex C) makes it necessary in the view of D.E.S. to consider further expansion.

4. The three university building programmes up to and including 1969-70 have been announced at a total value of £93m, and most of this sum has already been allocated to individual projects. These programmes will enable the new universities and the former colleges of advanced technology to build up their numbers. Because only small sums will be available for the improvement or replacement of obsolescent buildings in the older universities, the expanded programme (Annex A9) includes proposals for an extra allocation for these purposes. Any cuts in the approved programmes would further dislocate the plans that were upset by the deferment operation of July 1965 (which had the effect of postponing the start of £15m. worth of projects) and increase the overcrowding which has contributed to recent student unrest. Severe cuts might make it impossible to achieve the Robbins target for 1973.
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