CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street,  S.W.1, on Thursday, 24th March, 1960, at 11 a.m.

Present:
The Right Hon.  H A R O L D  M A C M I L L A N ,  M.P., Prime Minister
The Right Hon.  R. A. B U T L E R ,  M.P., Secretary of State for the Home Department
The Right Hon.  S E L W Y N  L O Y D ,  Q.C.,  M.P., Secretary of State for Foreign Affairs
The Right Hon.  T H E  E A R L  O F  H O M E, Lord President of the Council and Secretary of State for Commonwealth Relations
The Right Hon.  V I S C O U N T  H A I L S H A M,  Q.C., Lord Privy Seal and Minister for Science
The Right Hon.  H A R O L D  W A T K I N S O N,  M.P., Minister of Defence
The Right Hon.  D A R I D  E C C L E S,  M.P., Minister of Education
The Right Hon.  R E G I N A L D  M A U D L I N G,  M.P., President of the Board of Trade
Dr. The Right Hon.  C H A R L E S  H I L L,  M.P., Chancellor of the Duchy of Lancaster

The following were also present:
The Right Hon.  D E R E K  W A L K E R - S M I T H,  Q.C.,  M.P., Minister of Health (Item 3)

Secretariat:
The Right Hon.  S I R  N O R M A N  B R O O K
Mr.  F. A. B I S H O P
Mr.  M. R E E D
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Parliament.

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

South Africa.

(Previous Reference: C.C. (55) 19th Conclusions, Minute 4.)

2. The Prime Minister said that the Opposition had tabled a motion, for discussion in the House of Commons on an early day, in the following terms:

"That this House deplores the shooting of demonstrators in the Union of South Africa resulting in the killing and wounding of large numbers of people, and expresses its deep sympathy with the families of the dead and the injured."

The terms of this motion were carefully chosen, and it was understood that the Speaker was unlikely to rule it out of order. The Government must be careful to observe the convention that one independent member of the Commonwealth should not seek to intervene in the internal affairs of another; and it was on this account important that they should avoid lending public support to the view that the recent disturbances in South Africa were the inevitable result of the racial policies of the Union Government. On the other hand, it must be recognised that public opinion in this country had been deeply moved by these events and would expect from the Government an expression of regret and of sympathy for those who had suffered. In these circumstances it would be inexpedient for the Government to seek to prevent any discussion of this matter in Parliament—though it would be preferable if debates could be deferred until the following week, when the disturbances might be seen in better perspective. Government supporters would find it difficult to vote against the motion tabled by the Opposition. They would find it easier to vote in favour of an amendment which, while containing appropriate expressions of regret, reaffirmed the principle that one independent member of the Commonwealth should not pass judgment on the internal policies of another.

After discussion it was agreed that an amendment to the Opposition motion should be tabled in the following terms:

"That this House, while recognising that it has no responsibility or jurisdiction over the independent countries of the Commonwealth, at the same time wishes to record its deep sympathy with all the people of South Africa at the recent tragic events which have taken place at Vereeniging and Langa."

The Cabinet—

Invited the Chief Whip to arrange for a notice to be given of an amendment to the Opposition motion in the terms agreed in the Cabinet's discussion.

3. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C. (60) 54) about the recommendations of the Royal Commission on the remuneration of doctors and dentists in the National Health Service.

The Chancellor of the Exchequer said that the main recommendations of the Royal Commission were that there should be increases of pay for all doctors and for hospital dentists amounting to about 13 per cent. above current rates; that, in addition, there should be retrospective payments to doctors and hospital dentists amounting in total to £20 millions; that there should be no immediate increase in pay of general dental practitioners; and that a standing review body should be appointed to advise the Government on doctors' and dentists' pay. The cost of giving effect to the
recommendations in full would be £41½ millions in 1960-61 and thereafter £11½ millions a year. So far as concerned the general practitioners, the distribution between individual doctors of the aggregate increase in pay recommended by the Commission would be a matter for detailed negotiations with the profession. The retrospective payments recommended might cause some embarrassment in relation to negotiations on the pay of railwaymen, but the Royal Commission's report contained a number of satisfactory features and the Wages Policy Committee had endorsed the proposal of the Health Ministers that negotiations should be opened as soon as possible with the medical and dental professions on the basis of acceptance of the recommendations as a whole, subject only to further consideration of the charges for board and lodging payable by doctors and dentists resident in hospital and to the review body's being provided with the necessary statistical information through sample enquiries rather than through the tax-returns made to the Inland Revenue.

Discussion showed that there was general support for the proposal that the report of the Royal Commission should be accepted as a whole. The recommendation for retrospective payments derived inevitably from the terms of reference of the Commission and could be defended on the ground that, unlike the railwaymen, the doctors had received only interim increases of pay since 1952 (general practitioners) and 1954 (hospital staffs). There was some danger that the proposed review body and the Standing Advisory Committee on the Pay of the Higher Civil Service (the Coleraine Committee) might be played off against one another, but this might to some extent be obviated by arranging for the two bodies to have a common secretariat and, possibly, a common chairman.

The Cabinet—

(1) Approved the proposals in C. (60) 54.

The Cabinet also had before them a memorandum by the Secretary of State for Scotland and the Minister of Health (C. (60) 55) about the size of general practitioners' lists of patients.

The Minister of Health said that the increase in general practitioners' pay which would result from acceptance of the Royal Commission's recommendations would provide the opportunity to reduce from 3,500 to 3,250 the maximum number of patients that a single-handed practitioner was allowed to have on his list. This reduction, which would affect about 1,900 general practitioners, who were at present responsible for some 6½ million patients, would result in a significant improvement in the quality of the service and would at the same time demonstrate to the public that a settlement on the basis of the Royal Commission's report would benefit patients as well as doctors. It was, however, likely to lead to an increase (over and above the increase that would occur in any event) in the number of doctors entering general practice; and, as the aggregate amount of general practitioners' pay was governed by the number of doctors and not by the number of patients, this would lead to an increase in the cost of the service by an amount estimated as ultimately £1 million a year. But, unless the change were made in the context of a general increase in doctors' pay, it must lead either to actual financial loss by the doctors whose lists were reduced or to demands that loss should be made good by the Exchequer. He therefore proposed that a reduction in the maximum list should be included among the matters to be discussed with the medical profession when the detailed distribution of the additional money to be made available as a result of the Royal Commission's report was being negotiated.

The Chancellor of the Exchequer recognised that the principle by which the aggregate amount of general practitioners' pay was
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governed by the number of doctors had been endorsed by the Royal Commission, but said that he would like further time to consider the proposal that the maximum list should now be reduced.

The Cabinet—

(2) Invited the Chancellor of the Exchequer, in consultation with the Secretary of State for Scotland and the Minister of Health, to give further consideration to the proposal in C. (60) 55 that the maximum size of general practitioners' lists of patients should be reduced.

4. The Cabinet had before them memoranda by the Minister of Aviation and the Chancellor of the Exchequer (C. (60) 56 and 57) about the manufacture of Dart engines in India.

The Minister of Aviation said that Rolls Royce, Ltd., had recently concluded an agreement whereby the Indian Government were to manufacture Dart engines in India. Rolls Royce would be paid about £1 million over 15 years, and of this the United Kingdom Government were entitled to receive a levy over that period of about £280,000, in accordance with the arrangements made in connexion with Government assistance for the development of the engine. During the negotiations with Rolls Royce, the Indian Minister of Defence, Mr. Krishna Menon, had asked that, in view of India's heavy expenditure on defence equipment from the United Kingdom, the levy should not be enforced. The Minister of Supply had undertaken to consider this request sympathetically, and the Indian Government had then concluded the contract. Mr. Menon was now pressing the Government to forgo payment of the levy. In view of the importance of maintaining good relations, with a view to future sales of British aircraft to India, it would be expedient to reduce the levy by 75 per cent., which would benefit the Indian Government by about £200,000.

The Chancellor of the Exchequer said that he agreed that it was important to avoid prejudicing the prospects of future sales of aircraft to India. But it was at least as important to avoid prejudicing the principle of the levy on export sales. Although there were precedents for abating or forgiving levies on sales of aircraft, this had previously been done for the purpose of enabling manufacturers to conclude contracts which they would not otherwise have secured. In the present case a contract had already been made; and, if we now gave way, there would be great pressure on us to forego the levy on any future sales. Moreover, the position in regard to levies on many other oversea sales would be undermined. The Government had undertaken to give considerable financial support to the aircraft industry, and an essential part of that arrangement was that part of this expenditure should be recovered by levies on export sales.

After some further discussion, the Cabinet—

Invited the Chancellor of the Exchequer and the Minister of Aviation, in consultation with the Paymaster-General, to consider whether means could be found of making some concession to the Indian Government in this matter without prejudicing the future prospects of collecting levies on export sales of aircraft.
5. The Prime Minister said that Sir Ivan Stedeford had agreed to preside over the advisory body which was to work out detailed plans, in accordance with the broad principles laid down by the Government, for the reorganisation of the British Transport Commission and its undertakings. Suitable terms of reference should be settled by the Minister of Transport, in consultation with the Chancellor of the Exchequer and the Paymaster-General. An announcement about the planning body would be made in due course, when the other members had been selected.

The Cabinet—
Took note of this statement by the Prime Minister.

*6. The Prime Minister said that, since the Cabinet's discussion on 22nd March, there had been indications that the United States Government might be reluctant to accept the latest proposals put forward by the Soviet Government at the Geneva Conference on Nuclear Tests. He had found this disturbing, for he believed that we might be within reach of concluding a satisfactory agreement. Moreover, if the Americans rejected these Russian proposals, we and the Americans might find ourselves publicly divided—for it was widely known that we had urged the Americans to include a moratorium in their plan. In these circumstances, in telephone conversations which he had had with President Eisenhower, he had indicated that he would be ready to go to Washington to discuss the position. The President had now invited him to visit Washington for discussions on 28th and 29th March.

The Prime Minister said that he had weighed the risk that his arrival in Washington might stiffen the attitude of those in the United States Administration who were opposed to the conclusion of an agreement. The issues at stake were, however, of such importance to the future of the world that he had come to the conclusion that he ought to try to resolve, by personal discussion with the President, such differences as remained between the two Governments.

The Cabinet—
Took note with approval of the Prime Minister's proposal to visit Washington for personal discussions with President Eisenhower on the state of the negotiations at the Geneva Conference on Nuclear Tests.

Cabinet Office, S.W. 1.

* Previously recorded in a Confidential Annex.