CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 21st July, 1960, at 10.30 a.m.

Present:

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister
The Right Hon. VISCOUNT KILMUIR, M.P., Lord Chancellor
The Right Hon. D. HEATHCOAT AMORY, M.P., Chancellor of the Exchequer
The Right Hon. JOHN MACLAY, M.P., Secretary of State for Scotland
The Right Hon. DUNCAN SANDYS, M.P., Minister of Aviation
The Right Hon. HAROLD WATKINSON, M.P., Minister of Defence
The Right Hon. LORD MILLS, Paymaster-General
The Right Hon. JOHN HARE, M.P., Minister of Agriculture, Fisheries and Food
Dr. The Right Hon. CHARLES HILL, M.P., Chancellor of the Duchy of Lancaster

The Right Hon. Selwyn Lloyd, Q.C., M.P., Secretary of State for Foreign Affairs (Items 1–6)
The Right Hon. The EARL OF HOME, Lord President of the Council and Secretary of State for Commonwealth Relations
The Right Hon. VISCOUNT HAILSHAM, Q.C., Lord Privy Seal and Minister for Science
The Right Hon. IAIN MACLEOD, M.P., Secretary of State for the Colonies
The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education
The Right Hon. REGINALD MAULDING, M.P., President of the Board of Trade
The Right Hon. EDWARD HEATH, M.P., Minister of Labour

The following were also present:

The Right Hon. MARTIN REDMAYNE, M.P., Parliamentary Secretary, Treasury
The Right Hon. DENNIS VOSPER, M.P., Joint Parliamentary Under-Secretary of State for the Home Department (Items 4–7)

Secretariat:
Mr. F. A. BISHOP
Mr. M. REED
Mr. J. S. ORME

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

2. The Cabinet had before them a memorandum by the
Chancellor of the Exchequer (C. (60) 126) reporting the results of his
discussions with the Minister of Aviation and the Minister of Defence
following the Cabinet's previous consideration of the proposal to
undertake design studies for a supersonic aircraft.

The Chancellor of the Exchequer said that though he had some
doubt whether design work on a supersonic airliner with a speed of
only Mach 2.2 would be justified, the Minister of Aviation had
confirmed that we would not be technically capable of competing with
the Americans at the higher speeds of up to Mach 3. He was therefore
prepared to accept that contracts to the value of £1.5 million should be
placed, with one airframe firm and one engine firm, for design studies
over the next twelve months. This was subject to the proviso that
there was no commitment to proceed beyond this stage, and on the
understanding that unless British firms undertook these studies it
would be impossible for us to explore the possibility of a joint project
with American and perhaps with French firms. We could not afford
to proceed with the development and production, as a solely British
venture, of an extremely expensive aircraft for which the total world
market would be very restricted.

In discussion the Cabinet recognised that it would be preferable
for British firms to concentrate initially on the designs they were best
qualified to produce. We should thus have a competitive basis for
negotiations with a view to co-operation with the United States, or
continental countries, on whatever project might eventually be agreed.
The development of designs for supersonic aircraft of Mach 2.2 speed
(which could be a serious competitor to existing airliners at a relatively
early date) was further advanced in this country than in the United
States. Moreover, the United States industry would be anxious to
play any part they could in meeting the future aircraft requirements of
the British Overseas Airways Corporation which represented a
significant part of the world market for advanced types of airliner.

The Prime Minister said that there was general agreement that
at this stage design studies costing £1.5 million should be authorised,
without any commitment as to subsequent development for a
supersonic airliner of Mach 2.2 speed. This would enable us to
participate in further discussions about the possibility of co-operation
with other countries. Since the world market for supersonic airliners
would in any case be restricted, we should consider whether prospects
for the sale of any type in the development of which we were interested
could be improved by closer co-operation with the airlines of other
countries—in particular, perhaps, those of Scandinavia or of other
members of the European Free Trade Association. The terms in
which the decision to undertake design studies was announced would
require careful consideration.

The Cabinet—

(1) Agreed that the Minister of Aviation should authorise one
aircraft firm and one engine firm to continue design work
on a Mach 2.2 aircraft within a maximum expenditure of
£500,000 over a period of twelve months.

(2) Took note that the Minister of Aviation would inform the
Prime Minister of the terms in which he proposed to
announce the decision recorded in Conclusion (1) above.
(3) Invited the Minister of Aviation to arrange for further consideration to be given to the possibility of collaboration with the United States or other countries in the joint development of a supersonic airliner.

3. The Cabinet had before them: —

(i) a note by the Deputy Secretary of the Cabinet (C. (60) 129) covering a report by officials on the implications of developing BLUE STREAK as a satellite launcher for space research; and

(ii) a note by the Prime Minister (C. (60) 130) setting out the political considerations relevant to the future of BLUE STREAK.

The Prime Minister said that following the Cabinet's earlier decision that development of BLUE STREAK as a static medium-range ballistic missile should be abandoned, officials had been instructed to analyse the arguments for and against its development as a launcher for satellites. Their report showed that a British launcher was not essential for any expansion of our existing programme of space research for scientific purposes and that the commercial potentialities of space research were still uncertain. It was necessary to consider the effect of a decision to abandon BLUE STREAK on our national prestige and whether such a decision would involve excessive dependence on the United States in a field where the potential advantages to be gained, though still speculative, might be significant to our position as a world power. There was no doubt that the United Kingdom, with limited resources, should be selective in deciding what new projects it could afford to undertake. If the Cabinet felt that in principle it would be wrong to abandon BLUE STREAK altogether, they might wish to consider whether we could minimise the cost to ourselves, and perhaps also obtain some political advantages, by seeking the co-operation of other countries in the further development of the project.

The Chancellor of the Exchequer said that it might be possible within the limits of our resources for the United Kingdom to undertake a useful programme of space research, involving the development of satellites and instruments for scientific purposes; but, even if compensating savings could be found elsewhere, it was doubtful whether we should be justified in undertaking the development of a launcher at an estimated cost of over £50 millions during the next four or five years. Thus there was much to be said for the immediate cancellation of all further work on BLUE STREAK. If this decision were not taken now, and the present provisional programme were to continue for the time being, the alternative courses to be considered should include the possibility of acquiring United States launchers. Suitable American rockets might be available at a price comparable to the production cost of BLUE STREAK, and comparatively little additional expenditure would be required to adapt British satellites and our facilities in this country and in Australia for use with United States launchers.

In discussion the general feeling of the Cabinet was that the immediate cancellation of BLUE STREAK would be undesirable, both as regards the effect on opinion in the United Kingdom and as regards our prestige abroad. Moreover, it would not be practicable to cancel the project without full prior consultation with the Australian Government.

There was general agreement with the view that national resources were inadequate for the United Kingdom to undertake on its own all the various projects which might seem desirable on grounds of prestige or for other reasons. It could, however, be argued that space research was an outstanding new field of development and that, apart from its prestige advantages, a British launcher programme might become essential if we were to maintain our leading position in world
communications. If, for communications or other purposes, commercial applications of space research were to become evident, other countries, including the United Kingdom, could not rely on obtaining American launchers for their own purposes.

It must, however, be admitted that the commercial potentialities of space research were still highly speculative. It might well be impossible to justify proceeding with the project as a purely British venture. There could be no certainty of finding compensating savings elsewhere; in any case, whether the development of BLUE STREAK proceeded or not, the utmost restraint should be applied over the whole field of Government expenditure. There was, however, the possibility that the Australians and the French, and perhaps some other European countries, would be willing to contribute towards a co-operative project. The design on which BLUE STREAK was based had originally been made available to us by the United States Government for defence purposes. It would therefore be necessary to confirm as soon as possible that satisfactory understandings about the use of BLUE STREAK for a co-operative space research project could be reached with the United States Government and, as necessary, with the American firms which had supplied the original design information. The Americans might not raise undue difficulties on this account, since we could represent to them that any co-operative programme would be directed mainly to scientific purposes. It would be necessary to deal with the apprehensions of the United States authorities about continental countries, particularly France, acquiring information about the design of large rockets that might have military significance.

On the assumption that the goodwill of the United States authorities could be obtained, it was suggested that any approach towards a co-operative project should envisage the participation not only of Australia and France, but also of members of the European Free Trade Association and other suitable European countries. Particular attention would have to be paid to the position of Germany, but German participation, and that of some of the smaller countries, might be limited to satellites and instrumentation rather than development of the launcher itself.

Summing up The Prime Minister said that there was general agreement that the United Kingdom should not contemplate relying on United States launchers for any major programme of space research involving the development of sophisticated satellites, though we could continue to co-operate with the Americans in scientific programmes such as that already being undertaken in connexion with the United States "Scout" programme. The Cabinet felt that it would be premature to take a final decision either to proceed with the development of BLUE STREAK over the next four or five years or to abandon it altogether. We could not afford on our own an additional commitment of more than £60 millions for space research. Nevertheless the existing programme should be allowed to continue on a provisional basis at a cost of about £1 million a month until the end of the year. This would provide an interval of two or three months in which to explore the possibilities of undertaking a co-operative project with other countries. For that purpose, the first step would be to inform the Australian Government of our general intention and to arrange for urgent consultations with them. At the same time, we should inform the United States Government, and seek such clearance as might be necessary, with the American Administration and industrial interests. The French Government should also be informed of our intention in very general terms. In due course, after the views of the Australian and United States authorities were known, the possibilities of developing BLUE STREAK as part of a co-operative programme for space research in collaboration with France and, as appropriate, other European
countries including members of the European Free Trade Association should be explored.

A final decision on BLUE STREAK ought to be reached by the end of October. Meanwhile, an announcement of the Government's intention to continue the project provisionally should be restricted to a statement that Ministers were giving further consideration to the future of BLUE STREAK, and any reference to the possibilities of international co-operation should be restricted to an indication that further discussions were taking place with the Australian Government. It would be undesirable that a decision whether or not to complete the development of BLUE STREAK should appear to be contingent on the participation of France or other countries in a joint project.

The Cabinet—

(1) Agreed that the development of BLUE STREAK as a satellite launcher should proceed on a provisional basis until the end of 1960, and that the possibility of securing the co-operation of other countries in a joint project should be explored, as indicated by the Prime Minister.

(2) Invited the Minister of Aviation, in consultation with the Chancellor of the Duchy of Lancaster, to submit to the Prime Minister the terms of an announcement indicating that further consideration was being given to the future of BLUE STREAK.

4. The Cabinet had before them a memorandum by the Home Secretary (C. (60) 108) about reform of the law restricting activities on Sundays.

The Joint Parliamentary Under-Secretary of State for the Home Department said that the law restricting Sunday entertainments, Sunday trading and licensing hours on Sundays no longer reflected public opinion. While there was a growing body of opinion in favour of reform, there was no general agreement as to what changes should be made. It would therefore be necessary to have some form of enquiry before any proposals for legislation could be framed. He therefore proposed, with the agreement of the Home Affairs Committee, that a Joint Select Committee of both Houses of Parliament should be appointed at the beginning of the following session to enquire into the amendment of the law on Sunday observance in England and Wales. In order that the many organisations interested in the subject should be given as much time as possible to prepare their evidence, the Home Secretary saw some advantage in announcing the appointment of the Select Committee before the summer recess.

The Secretary of State for Scotland said that the case for changes in the law on Sunday observance was less strong in Scotland and that he would not, therefore, wish the terms of reference of the proposed Select Committee to go beyond England and Wales.

In discussion it was pointed out that, while there was an arguable case for reform, the opponents of any change, who were in the nature of things more active than its advocates, would certainly cause the Government considerable political difficulty—especially if, as was contemplated, legislation were introduced at a relatively late stage in the Parliament. On the other hand, experience showed that difficulties of this kind often proved in the event less formidable than had been expected. If the Select Committee were to cover neither Scotland nor Sunday licensing in Wales (with which it was proposed to deal in the Licensing Bill to be introduced in the session of 1960-61), much controversial matter would be outside the scope of the enquiry. A Select Committee could be expected to work more quickly than either a Royal Commission or an Interdepartmental Committee. If it were possible to produce an agreed report, the subsequent process of
legislation would be greatly simplified: if it did not, it would be open to the Government to take the line that in the absence of any broad agreement legislation would not be justified.

The Prime Minister said that the balance of opinion in the Cabinet appeared to be in favour of appointing a Joint Select Committee, although there would be some advantage in first sounding opinion among the Government's supporters in the autumn. It would on the whole be preferable not to make any announcement until after the summer recess.

The Cabinet—

(1) Approved in principle the proposal in C. (60) 108 for the appointment of a Joint Select Committee on the law of Sunday observance in England and Wales.

(2) Agreed that any announcement of the Committee's appointment should be deferred until after the summer recess.

5. The Foreign Secretary said that the Secretary-General of the United Nations had asked the United Kingdom representative for assistance in requesting the Governments of the Federation of Rhodesia and Nyasaland, Nigeria, Kenya, Tanganyika and Uganda to grant a blanket clearance for the over-flight of their territories by aircraft of a number of countries, including the Soviet Union, which had been put at the disposal of the United Nations for transporting forces to serve under United Nations command in the Congo Republic, and food and other supplies needed by the Congo population. As well as allowing the over-flight of their territories these African Governments might be asked to give other forms of assistance to aircraft engaged in these operations. It was understood that a similar request had been made to other countries with responsibility for territories in Africa. A blanket clearance was thought to be necessary because the United Nations operations had increased to such an extent that it was not practicable to request advance clearance for every flight.

It was likely that a resolution would be introduced in the Security Council, probably by Tunisia and Ceylon, which would call for the withdrawal of Belgian troops from the Congo Republic as soon as possible. It would be undesirable for the United Kingdom representative to veto a resolution if this could be avoided, but at the same time we would not want to subscribe to a resolution which explicitly required Belgian troops to withdraw from the Congo altogether and to abandon their bases there. Moreover we should do nothing to encourage the entry of United Nations forces into Katanga.

It was the general view of the Cabinet that we should accede to the request of the Secretary-General as regards the over-flight of African territories for which we had responsibility by aircraft in support of the United Nations action in the Congo Republic, on condition that the Government despatching the aircraft should notify the territories concerned that a flight or series of flights was being undertaken, and on condition that the United Nations authorities certified that these flights were being made for the proper purposes.

In further discussion it was suggested that the resolution which was likely to be introduced in the Security Council could best be improved to meet our views by relating the withdrawal of Belgian troops to the extent to which United Nations forces found it practicable to take over responsibility for law and order. It was essential to keep the discussion of this question in the Security Council,
and not to allow it to go to the General Assembly. The United Kingdom representative at the United Nations would therefore have to be given wide discretion in dealing with any such resolution, in consultation with the representatives of our allies, including the Belgian Foreign Minister who was at present in New York.

The Cabinet—

Invited the Foreign Secretary, in the light of their discussion, to send instructions to the United Kingdom representative at the United Nations about the over-flight of British territories in Africa and about the forthcoming proceedings in the Security Council.

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Europe.

(Previous Reference: C.C. (60) 41st Conclusions), Reorganisation of O.E.E.C.

6. The Chancellor of the Exchequer recalled that, following the conference which had been held in Paris in the previous January to discuss the future of the Organisation for European Economic Co-operation (O.E.E.C.), a report had been produced recommending the replacement of O.E.E.C. by a new Organisation for Economic Co-operation and Development (O.E.C.D.) which would include the United States and Canada in addition to the former constituents of O.E.E.C. A draft convention, which was broadly acceptable to ourselves, had now been prepared and was to be considered by Ministers of the Governments concerned and the European Commission at a meeting on the following day. The purpose of the meeting was to determine only whether the draft convention was generally acceptable: there would be no question of signing it until it had been further discussed towards the end of the year. It was intended that the preliminary meeting of Ministers should appoint a Secretary-General Designate of the new Organisation.

Considerable divergences of view were likely to emerge at the meeting on the following day, especially on the trade functions of O.E.C.D. While many European countries wished that it should have specific trade functions, both France and the other Commonwealth countries thought that it should have none, our own view being somewhere between these two extremes. The United States, moreover, would be unwilling to accept any detailed obligations in respect of trade.

The Cabinet—

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

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Oversea Civil Service.

7. The Cabinet had before them a memorandum by the Colonial Secretary (C. (60) 116) about the position of Her Majesty's Oversea Civil Service.

The Colonial Secretary said that expatriate officers recruited from the United Kingdom by the Governments of colonial territories were finding themselves in an increasingly difficult position as the territories progressed towards and emerged into independence. Their salaries and allowances, which were considerably higher than those of locally recruited officers, were borne wholly by the local governments, who, on attaining independence, were reluctant on grounds of economy to retain the expatriate officers in their employment. The consequent uncertainty about their personal future was having a damaging effect on the morale of the expatriate officers, who were resigning in increasing numbers when, or even before, their territories became independent. Since the standard of education and of administrative ability among the locally recruited officers was in many areas still at a low level, the point had been reached at which there was real danger of a breakdown of administration in some of the territories which were
approaching independence, especially in those in East Africa. In effect, the whole of the United Kingdom's colonial policy was therefore at stake.

In the past the Government had been preoccupied with their duty to do justice to the expatriate officer whom the new independent Government was unwilling to retain in employment. A new approach was now necessary—to make conditions of service such as would induce as many expatriate officers as possible to remain in the employment of the local governments and to induce the local governments to retain them. The Colonial Secretary therefore proposed that, for the future, the "expatriate" element in the emoluments of the officers in question—that is, the excess of their emoluments over those of locally recruited officers—should be borne, not by the local government, but by the United Kingdom Exchequer. The cost of this proposal was estimated at about £24 millions a year.

The Chancellor of the Exchequer said that the rapid increase in expenditure overseas, together with the relatively small return it yielded, was resulting in an alarming deficit on overseas account. He could not contemplate an additional commitment of anything like the size proposed. If the situation in the Colonial territories was so serious that some additional expenditure must be undertaken, he could agree to it only on condition that compensating reductions were accepted in analogous expenditure elsewhere.

Discussion showed that there was general agreement in the Cabinet that some means must be found of averting a breakdown of the administration in the Colonial territories, especially in Africa. The political effect of a breakdown would be disastrous and it might in the long run involve expenditure far greater than that proposed by the Colonial Secretary. On the other hand, it might be possible to devise a scheme which would achieve the main object in view and at the same time cause less difficulty to the Exchequer. Could it, for example, be made selective and limited to those territories where the danger was greatest, i.e., to East Africa, or possibly to Africa as a whole? Alternatively, it might be possible to persuade the local governments, both before and after independence, to bear the whole or at least part of some elements in the scheme, e.g., the £7 millions estimated for passage allowances between the territories and the United Kingdom. On the question of compensating reductions, consideration should be given to the relative priority of the scheme proposed by the Colonial Secretary and, for example, loans for major capital development in the independent Commonwealth countries, which were unlikely ever to be repaid.

The Cabinet—

Invited the Colonial Secretary, in consultation with the Chancellor of the Exchequer and the Commonwealth Secretary, to consider urgently in the light of their discussion how the scope of the scheme proposed in C. (60) 116 could best be reduced and whether compensating reductions could be made in oversea spending for which they were responsible; and to report to the Prime Minister.

Cabinet Office, S.W. 1,