CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1, on Tuesday, 13th June, 1961, at 10.30 a.m.

Present:

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister
The Right Hon. R. A. BUTLER, M.P., Secretary of State for the Home Department (Items 1-7)
The Right Hon. SELWYN LLOYD, Q.C., M.P., Chancellor of the Exchequer
The Right Hon. JOHN MACLAY, M.P., Secretary of State for Scotland
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. LORD MILLS, Paymaster-General
The Right Hon. JOHN HARE, M.P., Minister of Labour
Dr. The Right Hon. CHARLES HILL, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. CHRISTOPHER SOAMES, M.P., Minister of Agriculture, Fisheries and Food

The following were also present:
The Right Hon. JOHN PROFUMO, M.P., Secretary of State for War (Items 6-7)
The Right Hon. MARTIN REDMAYNE, M.P., Parliamentary Secretary, Treasury
Field-Marshal Sir FRANCIS FESTING, Chief of the Imperial General Staff (Item 7)

Secretariat:
The Right Hon. Sir NORMAN BROOK
Mr. F. A. BISHOP
Mr. M. REED
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>South-East Asia Treaty Organisation</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Laos</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Education</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Public Schools</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Portugal</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Middle East</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Kuwait</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Germany</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Defence Facilities in the United Kingdom</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Cameroons</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>West Indies</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>Education</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Teachers' Salaries</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Suez Finance Company</td>
<td>9</td>
</tr>
<tr>
<td>11</td>
<td>Civil Aviation</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Airport Policy</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Europe</td>
<td>10</td>
</tr>
</tbody>
</table>
1. The Lord Privy Seal said that, following agreement between the Foreign Secretary and the Soviet Foreign Minister on the terms of a further message to the parties in Laos about violations of the cease-fire, it had been possible to reconvene the Geneva Conference on the preceding day. It was clear that the Chinese representatives were unwilling to accept the concept of international control which the Western allies thought necessary to preserve neutrality in Laos. The representatives of Thailand had withdrawn from the Conference on the ground that it would fail to ensure the independence and neutrality of Laos. Meanwhile, however, the three Laotian princes were discussing in Zurich the possibility of forming a Government in which all the factions in Laos would be represented.

The Cabinet—

Took note of this statement.

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

3. The Minister of Education said that there was to be a debate on 16th June on a motion by a Government supporter calling attention to “the need for a broader-based entry of boys to public schools” and seeking Government support for a plan under which a proportion of places in the public schools would be reserved for boys selected by the State whose fees would be paid by the Exchequer. This proposal had been considered and rejected by the Government in the past, and he proposed that he should continue to resist it.

Discussion showed that there was general agreement in the Cabinet that this proposal should continue to be resisted. If there were any difficulty in defeating this motion, it could be talked out.

The Cabinet—

Invited the Minister of Education to resist the Private Member’s motion on 16th June calling for Government support for a plan for a broader-based entry to public schools.

4. The Minister of Defence recalled that, at their meeting on 6th June, the Cabinet had agreed that the military exercises which were to be held jointly with the Portuguese Army in Portugal in July should be postponed. A statement attributed in the Press that day to a spokesman of the Ministry of Defence, denying rumours that the exercise was to be cancelled, was misleading and would be taken up with the newspaper concerned. He hoped, however, that the Cabinet would be willing to reconsider their decision. Any reduction in the limited opportunities for realistic training overseas must add to the difficulty of recruiting to the Army. While it had not been possible to persuade the Portuguese Government that their troops should not participate in the exercise at all, their numbers would be reduced to the minimum and it would be made clear that the exercise was of a routine nature and not related to the situation in Angola.

Discussion showed that some misgiving was still felt in the Cabinet about this proposal. Anti-Portuguese feeling was growing
in different parts of Africa and this military exercise could not fail to accentuate our difficulties in dealing with African nationalism and its supporters. On the other hand, cancellation of the exercise would injure our relations with Portugal at a delicate time. It would also appear that the Government had given way to pressure. If, however, the exercise were not cancelled, an opportunity should be taken to make it clear that it had no connexion with the question of Portuguese colonial policy, which was in any case quite different from our own.

Summing up the discussion The Prime Minister said that, in view of the considerations now advanced by the Minister of Defence, the balance of advantage seemed to lie on the side of proceeding with the exercise. It should, however, be made clear to public opinion, both in this country and abroad, that the nature and purpose of the exercise was limited and that it had no implications on our policy towards the emergent African nations.

The Cabinet—

(1) Agreed that the Anglo-Portuguese joint military exercise should not be postponed.

(2) Invited the Minister of Defence, in consultation with the Commonwealth Secretary and the Lord Privy Seal, to arrange for a statement to be made on the lines indicated by the Prime Minister.

5. The Cabinet had before them a memorandum by the Lord Privy Seal (C. (61) 77) about future relations between the United Kingdom and Kuwait.

The Lord Privy Seal recalled that, at their meeting on 13th April, the Cabinet had agreed to accept the wish of the Ruler of Kuwait that the Exclusive Agreement of 1899 should be replaced by a new agreement. The Ruler was offered the choice of two alternatives—an exchange of notes which would abrogate the Agreement of 1899 but would be accompanied by an oral and unpublished assurance that Her Majesty's Government recognised their continuing obligation to assist in maintaining the independence of Kuwait, or an exchange of notes which would state in terms that abrogation of the Agreement of 1899 did not affect that continuing obligation. The Ruler, in agreement with the leading members of his family, had preferred the latter form. He had proposed, moreover, that it should be expressed in the terms—“nothing shall affect the readiness of Her Majesty's Government to assist the Government of Kuwait, if the latter request such assistance.” This formula, which was designed to avert criticism from other Arab States, was less specific than was customary in instruments constituting a defence commitment, but the Political Resident in the Persian Gulf had been unable to secure the Ruler's agreement to more precise terms. It was intended that the exchange of notes should be signed on 19th June and followed by an immediate announcement. The agreement would not affect the right of the Ruler to apply for membership of the United Nations Organisation (an application which we had undertaken to sponsor) or to join the Arab League (which he was not thought to be contemplating at present).

In addition the Ruler had proposed that the title of the Political Agent in Kuwait should be changed to Consul-General. This might be accepted, but the Consul-General would remain responsible to the Political Resident in the Persian Gulf and the Government should view with caution any proposals for a more advanced form of diplomatic representation in Kuwait.

The Cabinet—

Approved the proposal in C. (61) 77 and the proposed change in the title of the Political Agent in Kuwait.
6. The Cabinet had before them a memorandum by the Minister of Defence (C. (61) 76) about the provision of defence facilities in the United Kingdom for the Federal German Forces.

The Minister of Defence recalled that, at their meeting on 16th February, the Cabinet had authorised him to offer certain defence facilities in the United Kingdom for the Federal German Forces on the understanding that the offer did not finally commit the Government. Subsequent discussions had shown that, in order to fulfil their commitments to the North Atlantic Alliance, the German forces required certain storage facilities, with which we could provide them, and facilities for tank-firing training (as distinct from tank manoeuvres), which could be provided at the Castlemartin range in South Wales. There was no difficulty about the former, but some opposition to the latter must be expected both in Parliament and from certain sections of public opinion. He therefore proposed that, as a first step, arrangements should be made for a visit to Castlemartin in September by one German tank regiment on an experimental basis and that, if the experiment were successful, we should accept additional regiments as might be later agreed. We should, however, try to avoid any definite long-term commitment. Legal and practical considerations would make it impossible for the German units to function satisfactorily in this country unless the Visiting Forces Act, 1952, and the Application of Law Order were extended to them, and at their meeting on 14th March the Cabinet had agreed that the necessary orders should be made.

Discussion showed that there was general agreement in the Cabinet that facilities should be provided for the Federal German Forces on the basis proposed by the Minister of Defence. The orders under the Visiting Forces Act would, however, require affirmative resolutions in both Houses and the present congestion of Parliamentary business would make it difficult to find time for the debates before the summer recess. Two alternatives should therefore be considered: either the visit of the German tank regiment might be postponed until October, in order that the debates might be held in the resumed session after the recess; or it might be possible to devise some means by which a relatively small unit could be enabled to function for a limited time and on an experimental basis without the cover of the Visiting Forces Act. Each of these alternatives was, however, likely to present serious difficulty and it was agreed that if, on further examination, neither proved practicable, it would be necessary to make the orders before the recess.

The Cabinet—

(1) Agreed that defence facilities should be provided for the Federal German Forces on the lines proposed in C. (61) 76.

(2) Invited the Minister of Defence to give further consideration to the possibility of postponing the first visit of a German armoured regiment to Castlemartin until October.

(3) Invited the Home Secretary, in consultation with the Minister of Defence, to give further consideration to the possibility of this unit’s functioning without the cover of the Visiting Forces Act and the Application of Law Order.

(4) Agreed that, if neither of the alternatives referred to in Conclusions (2) and (3) above proved practicable, the necessary orders under the Visiting Forces Act should be made and debated before the summer recess.
7. The Cabinet had before them a memorandum by the Prime Minister (C. (61) 79) about the future of the Southern Cameroons.

The Prime Minister said that there was a serious danger that subversive forces in the Southern Cameroons, organised by Chinese Communists, would launch a campaign of terrorism when the territory became independent on 1st October and, in conformity with the result of the United Nations plebiscite, entered into some form of federation with the Cameroun Republic. Unless internal security could be preserved, the administrative personnel, the great majority of whom were British, would leave the country, as would the representatives of British commercial interests there. It had therefore been suggested that the battalion of United Kingdom troops at present stationed in the Southern Cameroons should be allowed to remain, after 1st October, in order to maintain internal security during the transitional period while the proposed federation was established and to allow time for an adequate local security force to be recruited and trained. It was also suggested that we should establish an Aid Mission, consisting in effect of the existing administrative personnel, who would be invited to remain under the aegis of the new Department of Technical Co-operation. These measures would be additional to our continuing to finance the budget deficit of the territory, including the cost of maintaining the locally recruited security force. In default of action on these lines, we might well be held to blame if there were a breakdown of administration in the Southern Cameroons and perhaps in the neighbouring Cameroun Republic, leading to the emergence of a Communist-dominated régime in this area which would be particularly dangerous to Nigeria.

There were, however, strong financial and military arguments against accepting these commitments. The cost of the proposed measures would amount to nearly £2 millions a year, and any addition to our oversea expenditure was particularly unwelcome at present. The responsibility for ensuring stability in the Southern Cameroons ought to be undertaken by the United Nations, and we had already stated publicly that the United Kingdom forces would be withdrawn when our trusteeship came to an end. There could be no question of leaving the battalion unless both the Prime Minister of the Southern Cameroons, Mr. Foncha, and the Prime Minister of the Cameroun Republic, Mr. Ahidjo, agreed to request it; but even then there was no precedent for putting British troops under the command of a foreign Government in time of peace, and we would be likely in any case to be criticised for maintaining a military force in the territory. There was also a danger that relations between Mr. Foncha and Mr. Ahidjo would deteriorate, and that our troops might become involved in a personal struggle for power. Moreover, if terrorism broke out on an extensive scale, a single battalion would be inadequate and would have to be reinforced; and this, in the light of our other commitments, would be extremely difficult.

United Kingdom representatives were to discuss the future of the territory at a meeting later that week with Mr. Foncha and Mr. Ahidjo, at which it was hoped that French military representatives would also be present. It was therefore necessary to decide whether to withdraw the United Kingdom battalion on 1st October and to confine our assistance to such modest financial support as we could afford, or to undertake these substantial additional responsibilities for the security and administration of the territory for some further time.

In discussion the following points were made:

(a) British investment in the territory amounted to nearly £20 millions; nevertheless these interests were not enough to warrant
the continued deployment of British forces after 1st October. The main issue was whether we could afford the risk of the dangerous growth of Communist influence in this area.

(b) The Chief of the Imperial General Staff said that conditions in the territory would make it necessary to relieve United Kingdom troops every six months. It was very doubtful whether a local security force could be recruited and trained in a short time. There was no doubt that a single battalion would be inadequate to maintain order if serious terrorism broke out, and in that event it would be necessary to send two further battalions to reinforce it. In view of their interests in the Cameroun Republic, it would be greatly preferable that the French should accept the responsibility for security, including the training of a local force.

(c) Even if the current Army recruiting objective were realised, it would not be possible to reinforce a battalion in the Southern Cameroons without losing our capacity to meet other military commitments which ought to have priority. For example, it would be of greater importance to provide reinforcements for Zanzibar.

(d) It was very desirable that the training of a local security force should be undertaken by the French authorities, on behalf of the Cameroun Republic. Although the French maintained that they could not accept additional commitments, they might be persuaded to undertake responsibility for security in the Southern Cameroons if they thought that we would in any case withdraw when our trusteeship came to an end.

(e) The Chancellor of the Exchequer said that if it were necessary to undertake further commitments in the Southern Cameroons, offsetting reductions would have to be made in oversea expenditure elsewhere. Nevertheless, he would agree that some modest contribution, up to £1 million, might be afforded as a final measure of assistance to the territory upon becoming independent.

The Prime Minister, summing up, said that it was the general view of the Cabinet that, on balance, it would not be justifiable to undertake the additional commitment which would be involved if a United Kingdom battalion were retained in the Southern Cameroons after independence. The United Kingdom representatives at the meeting with Mr. Foncha and Mr. Ahidjo should conduct their discussions on the basis that it was our intention to withdraw the United Kingdom battalion after 1st October. They should seek to ascertain what measures were contemplated by Mr. Foncha and Mr. Ahidjo for the maintenance of the administration and of internal security, and how far they were agreed about future arrangements for the territory and its association with the Cameroun Republic. They could indicate that we would be prepared to provide financial assistance amounting to £1 million to the territory during the first year after independence, either to enable our expatriate officers to continue in the administration or to support the budget. It was to be hoped that, in the face of this attitude, the French authorities would realise that there was no alternative but for them to accept future responsibility for security in the Cameroons, as well as in the Cameroun Republic.

The Cabinet—

(1) Agreed that the United Kingdom battalion in the Southern Cameroons should be withdrawn after 1st October, and that our support for the territory should thereafter be limited to financial assistance of not more than £1 million.

(2) Invited the Lord Privy Seal to formulate instructions for the United Kingdom representatives at the meeting with the Prime Minister of the Southern Cameroons and the Prime Minister of the Cameroun Republic on the lines indicated by the Prime Minister.
8. The Colonial Secretary said that the West Indies Conference had resolved the problem of the transfer of matters from the reserve list, which particularly affected Jamaica; but it was possible that it might break down on the issue of freedom of movement between the islands, with which was linked the question of financial assistance from the United Kingdom. The United States Government had a great interest in the establishment of a successful federation, and might in due course be prepared to provide financial assistance. It might be possible to reach agreement on the basis of sending a survey team to study a number of development projects for the smaller islands for which financial assistance might be considered. It might, however, be necessary to take an early decision about the level of financial assistance, and he would in that event consult the Chancellor of the Exchequer.

The Cabinet—

Took note of this statement by the Colonial Secretary.

9. The Cabinet had before them a memorandum by the Minister of Education (C. (61) 78) about the machinery for the settlement of teachers' salaries.

The Minister of Education said that, since the Cabinet's last discussion on 6th June, it had been agreed between the Chancellor of the Exchequer, the Secretary of State for Scotland, the Minister of Labour and himself that the English teachers should be given an increase equivalent to an increase of 16.4 per cent. in the total cost of salaries as from 1st January, 1962, as recommended by the Burnham Committee, and that the Scottish teachers should be given a 14 per cent. increase as from 1st July, 1961. The first decision was not to be announced at least until after the National Union of Teachers had considered the recommendation on 17th June, but the Secretary of State for Scotland proposed to announce the Scottish settlement that day. It was by now generally expected that the Government would press for some change in the machinery for the settlement of teachers' salaries and, in agreement with the Secretary of State, the Minister proposed that in future the views of the responsible Ministers should be made known to, and taken into consideration by, both sides at an early stage of the negotiations. He also proposed that legislation should be introduced to give the Government power in England and Wales, as they already had in Scotland, to amend as well as to accept or reject a negotiated agreement. These proposals could be defended both on the ground that the Exchequer bore more than half the cost of teachers' salaries and in the interest of the education service itself. They were, however, likely to excite opposition both from the local authorities and from the teachers, and the Minister would therefore prefer, rather than announce a definite Government decision, to seek to work out with both sides changes in the machinery on the lines he had proposed.

Discussion showed that there was general support in the Cabinet for these proposals. They must, however, be expected to revive the claim of the National Association of Schoolmasters to be represented on the teachers' panel of the Burnham Committee and—more serious—to stimulate a strong demand for some form of arbitration. This must be resisted by all possible means; for, if it were conceded, the Government might well find themselves in a position even less satisfactory than the present.

In further discussion it was suggested that an attempt should be made to synchronise future negotiations on teachers' salaries in England and Wales and in Scotland. As against this it was argued that, as the salary structure in the two countries was not directly comparable, there might be positive advantage in keeping the
settlements separate in time. It was agreed that this aspect of the question should be further considered.

The Cabinet—
(1) Approved the proposals in C. (61) 78.
(2) Invited the Minister of Education to give further consideration, in consultation with the Chancellor of the Exchequer and the Secretary of State for Scotland, to the question of synchronising future negotiations on teachers' salaries in England and Wales and in Scotland.

10. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C. (61) 74) about the disposal of the Government's holding in the Suez Finance Company.

The Chancellor of the Exchequer said that he had now given further consideration to the financial advantages and disadvantages of an early sale of the Government's holding and to the method of its disposal. The Company's interests in Saharan oil and in the Channel Tunnel Study Group were comparatively small and too speculative to justify deferring a sale on that account, and there also seemed little doubt now that the Egyptian Government would meet their compensation liabilities. In view, however, of some recent signs of renewed pressure for an increase in the compensation fund provided by the Anglo-Egyptian settlement for former owners of property in Egypt, he proposed to give further consideration to the exact timing of the disposal of the Government's holding.

As regards the method of disposal, although a block deal with a syndicate would have some obvious advantages, it would be necessary to have regard to the interests of other British shareholders in increasing their holdings in the Company, and to the special interests of a number of banking and other concerns, including Rothschilds. On balance, it seemed best to dispose of the holding gradually through the market, by selling blocks when there was an active interest in the shares. Subject to further consideration of the timing, he proposed, as a preliminary step, to consult the management of the company, and as a matter of courtesy to inform the French Government and the Bank of France. If these consultations were satisfactory, it would then be desirable to make an announcement in Parliament of the Government's intention to dispose of their holding and immediately before such an announcement to inform certain private interests which were already aware of the possibility of a sale.

Discussion showed that the Cabinet agreed in principle that the Government should dispose of their holding in the Suez Finance Company. Some doubts were expressed, however, about the advisability of selling this asset in London; it might be preferable in present circumstances to obtain foreign currency through a sale in Paris with the object of benefiting the reserves. It was also suggested that consideration would need to be given to the proposal to disclose the Government's intention to the French Government, the Bank of France and certain private interests, in order to avoid anticipating the announcement to Parliament and to avoid giving any unfair advantage to the interests in question.

The Cabinet—
(1) Agreed in principle that the Government's shareholding in the Suez Finance Company should be sold.
(2) Invited the Chancellor of the Exchequer to give further consideration to the timing and method of disposal of this shareholding.
11. The Minister of Aviation said that the Economic Policy Committee had approved his proposals for changes in the Government's policy on civil airports. His main proposals were that the en route technical services covering the country as a whole and those related to the operations at individual airports should remain in the hands of the Government, but that their cost should in future be recovered from the airline operators. The ownership and management of the main international airports should be transferred to a new independent statutory body, while that of the provincial airports should be de-centralised—wherever possible by transfer to local authorities, who might in certain circumstances be given assistance from the Exchequer. These proposals would relieve the Minister from Parliamentary control over the day-to-day management of, and accounting for, the airports and would accord with recommendations on the London group of airports shortly expected from the Select Committee on Estimates; and they would enlist the enthusiasm of local authorities in operating their own airports and reduce the total cost to the Exchequer. The Minister proposed that they should be set out in a White Paper which he hoped to be able to present to Parliament before the summer recess.

Discussion showed that there was general agreement in the Cabinet with the substance of these proposals. Since, however, it was most unlikely that time could be found in the following session for the necessary legislation, it might be preferable to postpone publication of a White Paper. If the Select Committee's report made it desirable to give some early indication of the Government's intentions, this might be effected by a less detailed statement before the recess.

The Cabinet—

(1) Endorsed the decision of the Economic Policy Committee to approve the proposals of the Minister of Aviation for a new policy on civil airports.

(2) Invited the Minister of Aviation to circulate a draft statement of the Government's policy for civil airports and, in due course, a draft White Paper setting out the proposals in detail.

12. The Prime Minister said that he proposed to announce in the House of Commons that day that arrangements were being made for the Commonwealth Secretary and two other senior Ministers to make separate journeys covering all the other independent Commonwealth countries to discuss the problems of the relationship between the United Kingdom and the European Economic Community and the possible arrangements which might meet the needs of the other Commonwealth countries and the other members of the European Free Trade Association. It was hoped that these visits might begin towards the end of the month.

The Cabinet—

Took note of this statement by the Prime Minister.

Cabinet Office, S.W. 1,
13th June, 1961.