CABINET

CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W.1, on Thursday, 7th June, 1962, 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

The Right Hon. SELWYN LLOYD, Q.C., M.P., Chancellor of the Exchequer

The Right Hon. VISCOUNT HAILSHAM, Q.C., Lord President of the Council and Minister for Science

The Right Hon. JOHN MACLAY, M.P., Secretary of State for Scotland

The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education

The Right Hon. LORD MILLS, Minister without Portfolio

The Right Hon. JOHN HARE, M.P., Minister of Labour

Dr. The Right Hon. CHARLES HILL, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs

The Right Hon. CHRISTOPHER SOAMES, M.P., Minister of Agriculture, Fisheries and Food

The Right Hon. VISCOUNT KILMUIR, Lord Chancellor

The Right Hon. THE EARL OF HOME, Secretary of State for Foreign Affairs

The Right Hon. HENRY BROOKE, M.P., Chief Secretary to the Treasury and Paymaster-General

The Right Hon. IAIN MACLEOD, M.P., Chancellor of the Duchy of Lancaster

The Right Hon. PETER THORNEYCROFT, M.P., Minister of Aviation

The Right Hon. REGINALD MAULDING, M.P., Secretary of State for the Colonies

The Right Hon. EDWARD HEATH, M.P., Lord Privy Seal

The Right Hon. ERNEST MARPLES, M.P., Minister of Transport

The Right Hon. FREDERICK ERROLL, M.P., President of the Board of Trade

The following were also present:

The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Pensions and National Insurance (Item 2)

The Right Hon. MARTIN REDMAYNE, M.P., Parliamentary Secretary, Treasury

The Right Hon. REGINALD BEVINS, M.P., M.P., Postmaster-General (Item 6)

Mr. BERNARD BRAINE, M.P., Joint Parliamentary Under-Secretary of State for Commonwealth Relations (Item 4)

Secretariat:

The Right Hon. Sir NORMAN BROOK
Mr. A. L. M. CARY
Mr. J. H. WADDELL
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1. The Cabinet were informed of the business to be taken in the House of Commons in the week after the Whitsun recess.

2. The Cabinet had before them a further memorandum by the Minister of Pensions and National Insurance (C. (62) 77) on the level of National Assistance scale rates.

The Minister of Pensions said that, in the light of the Cabinet’s discussion on 29th May, he had held further consultations with the Chairman of the National Assistance Board, who had put forward strong arguments for increasing the rate for single householders by 4s., though he would be prepared to recommend that single persons who were not householders should receive an increase of only 2s. He was content that the increase for the married householder should be 5s. 6d. But he had urged that all these increases should take effect from 24th September. The Minister sought the Cabinet’s authority to inform the Chairman that these proposals would be acceptable to the Government.

The Chief Secretary, Treasury, said that these revised proposals would cost over £11 million in the current year and £20.5 million in a full year. In view the representations made by the Chairman he was prepared to accept them. If however an increase of 4s. were now given to single householders, he thought it important that the amount of any further increase to be given to this group in 1964 should be left open for consideration in the light of circumstances at the time.

The Cabinet’s discussion turned mainly on the question whether the announcement of a decision to increase the scale rates of National Assistance would lead to pressure for increases in public service pensions. It was generally agreed that, if steps were to be taken later in the year to increase public service pensions, there would be disadvantage in delaying a decision on this question until the stage at which it would appear to have been taken in response to public pressure. The timing of the announcement on National Assistance should therefore be considered in relation to a plan for dealing with public service pensions.

The Cabinet—

(1) Authorised the Minister of Pensions and National Insurance to inform the Chairman of the National Assistance Board that the Government were prepared to agree that National Assistance scale rates should be increased, from 24th September, by 2s. for the single non-householder, 4s. for the single householder and 5s. 6d. for the married householder.

(2) Invited the Chancellor of the Duchy of Lancaster, in consultation with the Chancellor of the Exchequer, the Minister of Defence and the Minister of Pensions, to consider the timing of the announcement of this decision in relation to the announcement of any proposals for increases in public service pensions, and to submit a time-table for the Prime Minister’s approval.

3. The Cabinet had before them a memorandum by the President of the Board of Trade (C. (62) 92) proposing amendments to the list of products whose import from Japan would continue to be restricted after the conclusion of a commercial treaty.

The President of the Board of Trade reminded the Cabinet that when they had considered this matter in December, 1960, they had asked to be kept informed of developments and to be consulted before
any further commitments were accepted. There would be great advantage in concluding a commercial treaty which would give United Kingdom exporters a reasonable chance to secure a fair share of the expanding Japanese market. Exports from the United Kingdom to Japan had increased substantially over the last year and there was scope for further increase, although there would be competition from West Germany and the United States. If this expansion of our export trade was to be secured, it would be necessary to adopt a more liberal policy towards Japanese imports into this country. The proposals set out in his paper had been framed with this consideration in mind. The only difficulties now outstanding related to woollen goods and transistor radios. He had himself held discussions with representatives of the woollen industry, who would have preferred a total restriction on imports from Japan, rather than a restriction confined to woollen cloth. He had agreed to try to widen the definition of cloth to include a greater range of materials, and on this basis he believed that his proposals would be accepted by the industry. Cotton textiles would continue to be restricted.

The Minister of Aviation said that he had discussed with representatives of the industry the proposals to remove restrictions on certain classes of transistor radios. For reasons which he accepted they maintained that the proposals would seriously damage the growth of domestic production. In distinction to other products, for which some safeguards would be retained, the proposals on transistors would subject United Kingdom manufacturers to the full weight of Japanese competition, which was extremely powerful. The industry would not be satisfied by an assurance that quotas could be quickly imposed if it was found in practice that the level of imports was having a disruptive effect on home manufacture; for it was common knowledge that the existing quotas for Japanese imports were heavily over-subscribed and their removal would lead to an immediate and massive increase in imports.

In discussion the following points were made:

(a) On broad economic grounds it would be important to conclude a commercial treaty with Japan which offered a fair chance to United Kingdom exporters to increase their share of this large and growing market. The Japanese Government had also been helpful to us in recent negotiations about unfair shipping practices. As against this it had to be admitted that, although the woollen industry was not at present as sensitive to competition as the cotton industry, its interests would need to be carefully watched.

(b) Certain special interests affecting Hong Kong would need to be taken into account before the commercial treaty with Japan was finally concluded. There were also special factors affecting certain industries in Scotland.

The Cabinet—

(1) Invited the President of the Board of Trade to discuss his proposals further with the Secretary of State for Scotland, the Colonial Secretary and the Minister of Aviation.

(2) Invited the President of the Board of Trade to report the outcome of those discussions to the Prime Minister.

4. The Cabinet had before them a note by the Foreign Secretary (C. (62) 73) covering an analysis of the advantages and disadvantages to the United Kingdom of continued participation in United Nations debates, particularly in the Committee of Seventeen, on Colonial affairs.

The Colonial Secretary said that the Government had originally agreed to co-operate in the work of the Committee of Seventeen on
the understanding that it would not intervene in the affairs of territories for which the United Kingdom retained responsibility. The Committee were now in fact intervening in the affairs of such territories, and had thereby destroyed the basis of our co-operation. To continue to participate in their debates in such circumstances was not only undignified, but prejudicial to our Colonial interests. It made it more difficult to ignore any resolutions which might emerge, and it encouraged local extremists.

The Home Secretary said that he was keenly conscious of the difficulty to which the Colonial Secretary had referred. During his recent visit to Southern Rhodesia the main African Party had refused to meet him, because they thought they had more to gain by contacts with the United Nations. The same influences would shortly be at work in Northern Rhodesia, whose problems the Committee of Seventeen intended to discuss and from which they would hear petitions. In spite of this, he felt that the balance of advantage would lie in continued participation in the work of the Committee. Our withdrawal would not lead to any lessening of United Nations pressure on us or to any reduction of their influence in the territories. On the contrary in our absence even more extreme resolutions would be likely to be passed and countries favourable to us would be less able to help us. Great patience would be needed and a real effort should be made to present the case in support of our policies more clearly and more cogently than had been done up to the present.

The Foreign Secretary said that he fully recognised the disadvantages of the present position and the danger that our participation would be misinterpreted in the Colonial territories concerned. He feared, however, that the alternative of total withdrawal would be likely to be even more damaging. It would not prevent the Committee from hearing petitions and passing resolutions which would have a considerable impact on public opinion; and the countries which had been helpful to us in the past would find it more difficult to secure moderation if we were not present to put our own case and answer our critics. It was even possible that in those circumstances resolutions hostile to our interests would be passed with the support of the United States and some Commonwealth countries. It was a relevant consideration that France had not improved her international reputation by withdrawing from participation in the United Nations debates.

In discussion the following points were made:

(a) It was arguable that the proceedings of the Committee of Seventeen constituted intervention within the meaning of the Charter and were therefore ultra vires. If this view could be sustained there might be advantage in referring the question to the International Court. A decision favourable to us would greatly strengthen our hand in confining the activities of the Committee. On the other hand an unfavourable decision would be very damaging. The Law Officers should be asked to advise whether it was likely that the International Court would find in our favour if this question were referred to them.

(b) It was suggested that there might be advantage in taking a more robust line in the Committee's debate, to the extent of cross-examining petitioners and witnesses before the Committee and arranging for the submission of petitions in support of our own policies. It had to be recognised, however, that such a course would involve a closer degree of participation in the work of the Committee than had been thought expedient hitherto.

(c) The Cabinet were informed that the Commonwealth Secretary saw grave objection to the proposal that we should withdraw from the work of the Committee. We should thereby forfeit the support, not only of those Afro/Asian members of the Commonwealth which had been helpful to us in the Committee, but also of the older members.
of the Commonwealth. Our withdrawal would disappoint Canada. It would also mean that we should be unable to support Australia, if criticism were directed against the administration of their dependencies.

(d) The difficulty of continuing to maintain that the Committee’s actions and debates were *ultra vires* while still continuing to take part in them might prove to be greater in theory than in practice. It should be possible to continue to emphasise our disapproval of the Committee’s behaviour while still taking steps to state our own views on the subjects under discussion and seeking to influence the drafting of their resolutions.

The Cabinet—

1. Invited the Foreign Secretary to seek the opinion of the Law Officers on the question whether the International Court would be likely to rule that the activities of the Committee of Seventeen were in contravention of Article 2 (7) of the Charter of the United Nations.

2. Agreed that for the time being the United Kingdom should continue to participate in United Nations debates on Colonial affairs, including those in the Committee of Seventeen, and that every effort should be made to present the policies of the United Kingdom in a constructive light.

3. Agreed to resume their discussion of this question when the advice of the Law Officers was available.

5. The Foreign Secretary said that a further meeting of the Laotian Princes had now been held, and the King of Laos had given a satisfactory directive to Prince Souvanna Phouma about the formation of a national government. It was to be hoped that agreement on the distribution of portfolios in such a government would be reached before Phouma had to leave Laos for Paris.

6. The Home Secretary said that the report of the Committee on Broadcasting had now been submitted to the Postmaster-General and would be published on 27th June. The report was critical of the quality of independent television and of the structure established under the Television Act, 1954. This part of the report would be highly controversial and a source of political embarrassment to the Government. Its recommendations would have to be carefully examined and it would be prudent to refrain from giving any indication of the Government’s attitude to them until public opinion had crystallised. Apart, however, from this controversial question there were various technical points in the report on which an early statement of the Government’s view would be valuable to the radio industry, and the Cabinet Committee which had considered advance copies of the report had invited the Postmaster-General to prepare the draft of a White Paper to deal with these points. It might be practicable to issue a White Paper of this kind early in July, in time for the debate on the report which must be expected before Parliament rose for the summer recess.

In discussion there was general agreement with the course of action proposed by the Home Secretary. The following points were raised:

(a) The recommendations on the structure of independent television would attract much support from certain sections of the Press, and there might be some disadvantage in having a long gap
between the publication of the report and the announcement of the
Government's attitude to those recommendations. It would not,
however, be practicable to delay the publication of the report; and,
if the White Paper to be published in July included a warning reference
to the need to consider other points of view, this would help to contain
the pressure for a full statement. The Committee on Broadcasting
and Television should arrange for the draft White Paper to be
brought before the Cabinet and should consider whether any separate
statement on the structural recommendations would be advisable.

(b) The Committee on Broadcasting and Television had thought
that, in view of the length of the report, a popular version should be
prepared by the Central Office of Information and put on sale through
the Stationery Office; and they had invited the Postmaster-General
to arrange for this to be done.

c) It would be useful if members of the Cabinet could have an
early opportunity of reading the report.

The Cabinet—

(1) Agreed that the report of the Committee on Broadcasting
should be published on 27th June.
(2) Invited the Postmaster-General to circulate copies of the
report to the Cabinet.
(3) Invited the Home Secretary to arrange for the Committee
on Broadcasting and Television to consider and submit
to them in due course the draft of a White Paper dealing
with the technical matters arising from the report; and
to consider whether a separate statement should be made
about the recommendations in the report for changes in
the structure of independent television.

The Secretary of State for Scotland said that grants and loans
were not at present available for boats and engines built in foreign
yards, but earlier in the year it had been decided that this restriction
should be removed. An announcement of the decision on 18th May
had evoked protests on behalf of British boatbuilders. Particular
disquiet had been felt about the possibility that foreign yards which
enjoyed Government subsidies would benefit by British orders, and
that British yards would not have the equal chance to compete which
had been promised in the announcement. In a discussion of these
points that morning the Economic Policy Committee had concluded
that the decision to remove the restriction should be upheld and that
administrative means could be found of ensuring that British yards
would have an equal chance to compete. Subject, therefore, to the
approval of the Cabinet, he proposed, in an adjournment debate on
the following day, to defend the removal of the restriction and to say that steps would be taken to ensure that the system of grants and loans would not be used to give any advantage to subsidised foreign yards.

In discussion the following points were made:

(a) It would not be advisable for the White Fish Authority, which was responsible for payment of the grants and loans, to list for fishermen either the countries known to subsidise the building of boats or those believed not to do so. The Authority should be instructed that, before accepting a foreign tender for grant or loan, that tender and others from British yards should be put before a committee to be established by the Minister of Transport to supervise the examination of tenders.

(b) It was well known that yards in France, Spain and Italy were subsidised, and the Committee would have no difficulty in preventing the payment of grants and loans for boats built in those countries. In some other countries, however, subsidies were paid by less open means and would be less easy to identify. But the Committee could insist on four or five tenders being obtained from British yards in each case; and where any material element of subsidy was detected in a foreign tender they could say that no grant or loan would be made if that tender were accepted.

(c) A suggestion had been made that, where it was proposed to accept a tender from a foreign yard higher than the lowest British tender, the amount of grant or loan might be limited to the amount which would have been paid on the lowest British tender. This form of escalation was open to some objection and would require further consideration.

(d) In the House of Lords that afternoon the Lord President would have to intimate that the Government would seek to annul the effect of the amendment recently carried against the Government with the purpose of maintaining a statutory restriction on the payment of grants or loans for boats built in foreign yards.

The Cabinet—

(1) Agreed that grants and loans for the construction and modernisation of fishing vessels should be available for vessels built in foreign yards but that administrative steps should be taken to ensure that the system did not give advantage to foreign yards which were subsidised.

(2) Invited the Secretary of State for Scotland to consult the Chief Secretary, Treasury, the Minister of Agriculture and the Minister of Transport about the form of words which he should use in Parliament on the following day about grants and loans for vessels built in subsidised foreign yards.

The Secretary of State for Scotland said that the idea underlying the Fleck recommendations for operational subsidies was that, as the fishing industry could be expected to stand on its own feet after some years, Exchequer assistance should be tapered off. In the case of the inshore and herring fleet, the Government had not said for how long the assistance would last and subsidies were to continue on present lines, which were broadly acceptable to the industry. In the case of the trawler fleet, however, the proposal was that assistance should be reduced year by year by fixed proportions and should come to an end in 10 years. The key question was the starting rates for subsidy for the three different types of trawler. These rates had been negotiated in the previous year with the two representative bodies—the British Trawler Federation (B.T.F.) and the Aberdeen Owners Association—and they were still accepted by the B.T.F. in spite of the bad times which had been experienced by all sections of the fleet in the past few months. But the rates were now being contested by the Scottish trawler interests, who argued that the starting rates for near
and middle water trawlers should be doubled. The Secretary of State said that he appreciated the importance of adhering to the agreement which had originally been accepted by all sections of the industry but he felt much sympathy with the owners of near and middle water trawlers, who had been the chief sufferers from the prevalent over-fishing and from the agreements which had had to be made with Iceland and the Faroes. Conditions for these sections of the fishing fleet were likely to get worse, and it would be prudent to take the acknowledged risk of reopening the agreement with the B.T.F. He proposed an increase in starting rates for near and middle water trawlers, at a cost of some £1.4 million per annum at the outset.

The Minister of Agriculture said that if the agreement were reopened it was likely that the B.T.F. would split into three sections and that the Government would then have to face serious and continuing political difficulties. To temper the wind for certain sections of the industry, as proposed by the Secretary of State for Scotland, would amount to a reversal of policy; the Government's object should be to base assistance on cost and catching capacity rather than on need, so that the more efficient sections of the fleet would be encouraged to expand. It would, however, be right to allow defaults more time. It would also be right to remove the restrictions which at present prevented fishing off Iceland by middle water trawlers. Of the £350,000 available in the first year as supplementary subsidies for particular groups of trawlers in special difficulties, £250,000 had already been allocated to middle water trawlers and it was likely that the remaining £100,000 which was being held in reserve would in due course be allocated in the same way.

In discussion there was general agreement that, while the near and middle water sections of the industry, especially in Scotland, were in serious difficulties, it would be a mistake to go back on the agreement which had been reached with the representative bodies in the industry. It was hoped that, with the help of the moratorium and the other subsidiary measures which had been mentioned, the Scottish trawler owners could be brought to accept that the starting rates for subsidy could not be improved.

The Cabinet—
(3) Agreed that discussion of the starting rates for trawler subsidies should not be reopened.

Cabinet Office, S.W. 1,
7th June, 1962.