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46th Conclusions

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## CABINET

*CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1,  
on Thursday, 12th July, 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. VISCOUNT KILMUIR, Lord Chancellor
The Right Hon. SELWYN LLOYD, Q.C., M.P., Chancellor of the Exchequer	The Right Hon. THE EARL OF HOME, Secretary of State for Foreign Affairs
The Right Hon. VISCOUNT HAILSHAM, Q.C., Lord President of the Council and Minister for Science	The Right Hon. HENRY BROOKE, M.P., Chief Secretary to the Treasury and Paymaster General
The Right Hon. JOHN MACLAY, M.P., Secretary of State for Scotland ( <i>Item 3</i> )	The Right Hon. DUNCAN SANDYS, M.P., Secretary of State for Commonwealth Relations
The Right Hon. IAIN MACLEOD, M.P., Chancellor of the Duchy of Lancaster	The Right Hon. HAROLD WATKINSON, M.P., Minister of Defence
The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education	The Right Hon. PETER THORNEYCROFT, M.P., Minister of Aviation
The Right Hon. LORD MILLS, Minister without Portfolio	The Right Hon. REGINALD MAUDLING, M.P., Secretary of State for the Colonies
The Right Hon. JOHN HARE, M.P., Minister of Labour	The Right Hon. EDWARD HEATH, M.P., Lord Privy Seal
Dr. The Right Hon. CHARLES HILL, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs	The Right Hon. ERNEST MARPLES, M.P., Minister of Transport
The Right Hon. CHRISTOPHER SOAMES, M.P., Minister of Agriculture, Fisheries and Food	The Right Hon. FREDERICK ERROLL, M.P., President of the Board of Trade

## The following were also present:

The Right Hon. J. ENOCH POWELL, M.P., Minister of Health ( <i>Items 2-3</i> )	The Right Hon. RICHARD WOOD, M.P., Minister of Power ( <i>Item 3</i> )
The Right Hon. REGINALD BEVINS, M.P., Postmaster-General ( <i>Item 3</i> )	The Right Hon. MARTIN REDMAYNE, M.P., Parliamentary Secretary, Treas- ury

*Secretariat:*

The Right Hon. Sir NORMAN BROOK  
Mr. A. L. M. CARY  
Mr. J. H. WADDELL

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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.

## Smoking and Health

(Previous Reference: C.C. (62) 20th Conclusions, Minute 2)

2. The Cabinet had before them a memorandum by the Lord President (C. (62) 110) reporting the conclusions reached by a Committee of Ministers which had examined the report of the Royal College of Physicians on Smoking and Health.

*The Lord President* said that, in their consideration of the action which might be taken by the Government, the Committee had felt obliged to accept the conclusions reached in the report of the Royal College of Physicians on the causal connexion between cigarette smoking and lung cancer. He considered that the further Government statement which was expected should indicate serious concern at the effects of heavy cigarette smoking and should express the Government's determination to spread knowledge of the facts as widely as possible. The object of presenting the facts would be to persuade people to alter their habits and it would not be possible to maintain a clear distinction between factual and persuasive presentation. The statement should, however, avoid giving the impression that the Government were adopting a paternalist attitude towards this question.

The Committee of Ministers proposed that there should be a modest campaign of Government publicity involving the supply of pamphlets and posters, on a co-ordinated theme, to local health and education authorities, and the use of various other channels of public relations available to the Government. There would be no attempt to compete with the advertisements of cigarette manufacturers; and the campaign, which would have to be sustained over a long period, would be aimed not at securing a dramatic drop in cigarette smoking but at producing, perhaps over a generation, a gradual change in smoking habits. The cost might be about £40,000 or £50,000 a year. The Committee had also considered the possibility that through a differential system of taxation the price of cigarettes might be raised by about 10 per cent. and the price of pipe tobacco reduced by 20 per cent. They had, however, reached no firm conclusion on the expediency of such a course: some Ministers had felt that a differential tax would be difficult to justify as bearing hardly on the poor and the old, and that a difference of the order proposed could be criticised as insufficient to produce any lasting effect. The Committee had also made suggestions for the encouragement of voluntary restrictions on cigarette advertising by the manufacturers, for heavier penalties for selling cigarettes to children and for discouraging smoking by the public in Government premises.

Discussion showed that there was general agreement in the Cabinet that it would be inappropriate to consider at the present stage action on a wider front or more drastic in character than the campaign of Government publicity which was outlined in paragraph 4 of C. (62) 110. The emphasis, both in any further statement in Parliament and in the action which it would outline, should be on health education: in that context the Government had an acknowledged responsibility to make the facts known, particularly to the young. Although discouragement of smoking in public transport, food shops and elsewhere might be socially desirable, there was no evidence that smoking in such places was harmful to the health of anyone except the smoker and it would be preferable that the Government should not intervene in this.

## The Cabinet—

Invited the Lord President, in consultation with the other Ministers concerned, to prepare and submit for the consideration of the Prime Minister the draft of a statement which might be made in Parliament on the basis of the recommendation in paragraph 4 of C. (62) 110 about Government publicity on the connexion between cigarette smoking and lung cancer.

**Incomes  
Policy**  
(Previous  
Reference:  
C.C. (62) 41st  
Conclusions,  
Minute 5)

3. The Cabinet had before them a memorandum by the Prime Minister (C. (62) 111) on the Government's incomes policy.

*The Prime Minister* said that in the light of the Cabinet's earlier discussions broad agreement had been reached on the general scope of the next steps in the development of the Government's incomes policy. It was now necessary to consider whether the measures proposed would be likely, taken as a whole, to be accepted by the country as a constructive and effective policy; and whether the Royal Commission on Incomes, if established on the lines now set out in his paper, would command the confidence and support which it would need if it was to be an effective instrument for keeping the growth of incomes broadly in line with the increase of production. He had it in mind that in presenting the idea of this Commission to the public at this early stage, it would not be necessary to go into too much detail; this would leave room for later and more formal consultation with the various interests involved. He would propose to emphasise, not the precise machinery through which the Commission would work, but the broad objectives which it would seek to achieve. First, it would need to preserve a reasonable balance between incomes and productivity taken over a long period and calculated on a broad average; and it would at intervals issue general reports on this aspect of its work. Secondly, it would have a special responsibility for dealing with the exceptional case where revaluation might be called for and it would ensure fair treatment for the growing number of industries and employments whose value to the community could not be measured in terms of production. Thirdly, it would be made clear that the Commission would not interfere with the work of the Wages Councils or, except with the consent of both parties, replace formal arbitration agreements. Fourthly, he would emphasise the duty of the Commission to conduct in public *ex post facto* reviews of wage settlements which had been reached without having been brought before it in the first instance and appeared to conflict with the national interest. The statement which he had in mind would then outline in broad terms the functions of the Commission as summarised in his memorandum.

In discussion the following points were made:

(a) The main doubt which might be raised about the effectiveness of the proposed Commission would centre on the fact that there would be no power to bring cases before it without the consent of both parties. This might mean, in practice, that no cases would come before it at all and that its activity would be confined, so far as the private sector was concerned, to the holding of *ex post facto* reviews. It could be argued that one or two critical reviews, exposing to public view bad management or inefficient use of labour in the industry concerned, would have a salutary effect in inducing employers and unions alike to bring future cases to it before settlements were reached. It would not be difficult to give the Commission greater powers of compulsion in the public sector; but this would have disadvantages, for it would perpetuate the difficulty in which the Government had found themselves of appearing to

apply a harsher discipline to their own servants than they were prepared to enforce on workers in the private sector. It would also be criticised as illogical; for it was wage movements in the private sector which set the pace, and the public service followed rather than led. The effect of controlling the public sector while leaving the private sector unfettered would be to increase the gap between the two.

(b) The most effective way of giving the Commission more power in the private sector might be to empower it to review wage claims when either party could convince it that a point of sufficient importance was at stake. It could be emphasised that the Commission's findings in such a case would not bind either party, and that the right to strike would be unaffected. Such a strengthening of the Commission's powers would not necessarily appeal only to the employers. In informal discussion with the Chancellor of the Exchequer, representatives of the Trades Union Congress (T.U.C.) had shown themselves to be concerned about settlements in which the employers might have successfully negotiated an unreasonably low increase in wages. The fact that under the proposed change the Commission would at the request of the trades unions concerned have power to review such cases before settlement might be welcome to the T.U.C. This possibility should be further examined.

(c) It would be more difficult to strengthen the Commission's hand by ensuring that, whenever a case was taken to arbitration, the views of the Commission were available to the arbitrators. In the first place, the effect of such a change would be confined almost wholly to the public sector since, with the exception of the building industry, there was little in the way of formal arbitration machinery in the private sector. It would thus have all the disadvantages already discussed of applying sterner measures to the public than to the private sector. Secondly, such a change had to be viewed against probable developments in the private sector as a whole. If wage increases in the private sector continued to move ahead without regard to the national interest, it would in practice be impossible for arbitrators in the public sector to make their awards on any other basis than a fair comparison with that movement; the views of the Commission would have to be set aside and the prestige of the Commission would suffer. If, on the other hand, the private sector could be brought under control there would be no problem. Arbitrators in the public sector would then conform to the sort of guidance which the Commission might have been expected to give.

(d) A particular difficulty would arise on the proposal to bring within the Commission's ambit the review body on doctors' and dentists' pay under the Chairmanship of Lord Kindersley. The Pilkington Report which had recommended the establishment of this review body had specified that it should operate independently of Government policy. To bring it under the Commission would be viewed by the British Medical Association as a breach of faith. Similar considerations might apply, although with less force, to the committee for the review of the pay of the higher Civil Service under Lord Franks.

(e) The success of the proposed Commission would largely depend on its acceptance by public opinion as a body of standing and authority which could make a real contribution to the country's economic development. This in turn would depend, not only on its membership and terms of reference, but on the way in which the decision to establish it was presented to the country in the first place. It would have to be set in the context of economic growth; it would be necessary to convince the country at large that the Commission was not merely another device for dividing up the nation's wealth to the disadvantage of the individual worker, but that it would contribute to a general increase in prosperity. It would be helpful,

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even if not strictly logical, to put greater emphasis in this context on the Commission's duty, in considering cases brought before it or in conducting *ex post facto* reviews, to examine the level of profits and prices in the industry concerned, as well as the level of wages. It was also for consideration whether in announcing the decision to establish the Commission the Government should define its terms of reference and its responsibilities in some detail, leaving room for little more than minor modification as the result of further consultation with the interests concerned, or whether the decision should be announced in broad outline only. It would, in any case, be necessary to make a major statement of the Government's economic policy in Parliament before the recess.

*The Prime Minister* said that in the light of the Cabinet's discussion he would consider with the Ministers concerned the degree to which it might be right to give further powers to the proposed Royal Commission on Incomes and the best way of presenting the final proposals to Parliament.

The Cabinet—

Took note that the Prime Minister, in consultation with the Ministers concerned, would, in the light of their discussion, give further thought to the proposals for the establishment of a Royal Commission on Incomes and to the manner of their presentation.

*Cabinet Office, S.W. 1,  
12th July, 1962.*

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