CABINET

CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W.1, on Thursday, 14th March, 1963, at 10.30 a.m.

Present:

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister

The Right Hon. R. A. BUTLER, M.P., First Secretary of State

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

The Right Hon. REGINALD MAUDLING, M.P., Chancellor of the Exchequer

The Right Hon. DUNCAN SANDYS, M.P., Secretary of State for Commonwealth Relations and Secretary of State for the Colonies (Items 1-4)

The Right Hon. EDWARD HEATH, M.P., Lord Privy Seal (Items 1-7)

The Right Hon. CHRISTOPHER SOAMES, M.P., Minister of Agriculture, Fisheries and Food (Items 1-7)

The Right Hon. JOHN BOYD-CARPENTER, M.P., Chief Secretary to the Treasury and Paymaster General

The Right Hon. J. ENOCH POWELL, M.P., Minister of Health

The Right Hon. Sir KEITH JOSEPH, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs (Items 5-8)

The following were also present:

The Right Hon. LORD CARRINGTON, First Lord of the Admiralty (Items 3-4)

SIR JOHN HORSON, Q.C., M.P., Attorney-General (Item 3)

The Right Hon. JULIAN AMERY, M.P., Minister of Aviation (Item 4)

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

Secretariat:

SIR BURKE TREND
Mr. A. L. M. CARY
Mr. J. H. WADDELL
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SECRET
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

2. The Foreign Secretary said that the recent revolution in Syria closely resembled the coup d'état in Iraq in February. The new Government in Damascus appeared to be in effective control of the country; and we had therefore extended formal recognition to it. Since some of its members were believed to support Egyptian policies, the position of Saudi Arabia might become increasingly precarious.

The Foreign Secretary informed the Cabinet that the Royalist forces appeared to have abandoned the south-eastern part of the Yemen and were making little headway in the north. The representative of the President of the United States, Mr. Bunker, who had recently discussed the situation with the Government of Saudi Arabia, had ascertained that the latter might be prepared to abstain from further intervention in the Yemen if the Egyptian Government would agree to bring hostilities to an end and thereafter to withdraw their troops over a period of time. There was no action which we ourselves could usefully take in these circumstances; but, since it must remain our objective to eliminate Egyptian influence from the Yemen, we should continue to support the United States initiative.

The Cabinet—

(1) Took note of these statements by the Foreign Secretary.

The Foreign Secretary said that the Government of Somalia had been offended by our refusal to sanction, at this stage, the secession of the Somalis in the Northern Frontier District of Kenya and were considering whether they should break off diplomatic relations with the United Kingdom. It was for consideration whether, in these circumstances, we should seek to promote discussions between the parties concerned or whether, at the appropriate moment, we should invoke the assistance of the United Nations.

The Commonwealth Secretary said that, during his recent visit to Kenya, he had arranged that the Northern Frontier District should constitute a separate and additional Region within the Colony. This, however, was only an interim measure, designed to hold the situation until the forthcoming elections in Kenya had taken place. There was some hope that the new Government of Kenya which would take office as a result of the elections would realise that, if they sought to retain the Northern Frontier District against the will of its Somali inhabitants, they would incur heavy expenditure in policing the territory and subsidising its administrative services. It was not impossible, therefore, that they would eventually agree to allow the Somalis to secede.

In discussion, it was suggested that, even if no useful action as regards the Northern Frontier District could be taken until after the elections in Kenya, we should seek to devise some means of dissuading the Government of Somalia from breaking off diplomatic relations in the interval, possibly by assuring them that we should be ready to take part, at the appropriate moment, in the process of further consultation which they were known to have in mind.

The Cabinet—

(2) Invited the Foreign Secretary, in consultation with the Commonwealth Secretary, to consider whether any further steps might be taken to prevent a breach of diplomatic relations with the Government of Somalia.
3. The Cabinet had before them—

(i) a memorandum by the Lord Chancellor (C. (63) 42) on the action required to extend United Kingdom fishery limits;

(ii) a memorandum by the Foreign Secretary (C. (63) 47) about a proposal by the Canadian Government that a new international conference should be convened to discuss the breadth of the territorial sea and of fishing limits.

The Lord Chancellor said that the Committee on the Law of the Sea had considered the timing of the action required to achieve the Government's aim of extending our fishery limits to six miles. On the assumption that we should not secure this objective by agreement, our freedom of unilateral action was inhibited by two Treaties—the North Sea Fisheries Convention of 1882 between Germany, Belgium, Denmark, France, the Netherlands and ourselves; and the Anglo-French Convention of 1839 (together with the Regulations made thereunder in 1843). The former provided that the fishermen of each of the contracting parties should enjoy the exclusive right of fishery within three miles from low water mark. If we were to extend our fishery limits, it would be necessary to give the prescribed period of one year's notice of termination of this Treaty; and, provided that we did so before 15th May, termination would take effect on 15th May, 1964. In default of action by 15th May, the Treaty could not be terminated until 15th May, 1965. The Anglo-French Convention of 1839 regulated the limits within which the general right of fishery on the coasts of the United Kingdom and France was exclusively reserved to the subjects of the two countries. The limits were defined as three miles from low water mark. We could not lawfully extend our limits in the face of this Convention and the related Regulations; but they contained no provision for termination. Nevertheless, it was arguable that the 1843 Regulations could be terminated on reasonable notice.

In these circumstances it was proposed that we should give notice of termination of the Convention of 1882 before 15th May and that at the same time we should give one year's notice to the French Government, terminating the 1843 Regulations on 23rd June, 1964. If so, we should at the earliest possible date convey our decision, with a full explanation of the reasons, to the other members of the Commonwealth concerned, the Irish Republic, the signatories of the 1882 Convention, the United States and the other members of the North Atlantic Treaty Organisation.

In discussion, the following main points were made:

(a) Measures on the lines proposed might be interpreted as being directed especially against France in retaliation for the action of the French Government in preventing our entry into the European Economic Community. The French Government might seek to challenge before the International Court the validity of our termination of the 1843 Regulations; and there was a serious risk that the Court would endorse their view. Nevertheless, this risk must be accepted.

(b) We should proceed with the extension of our own fishery limits whether or not we reached agreement with the Danish Government in the current negotiations about the proposed extension of the limits round the Faroes. But we ought not to give those sections of our fishing interests which would be damaged by the extension of the Faroes limits any ground for supposing that unilateral action on our part had prevented an agreement. It would therefore be preferable to refrain from any overt action to terminate the existing Treaties until the negotiations about the Faroes were concluded.

(c) On the other hand, we must allow sufficient time to consult the other countries concerned, particularly the Commonwealth countries, before giving notice of termination on 15th May. If, as appeared likely, the negotiations about the Faroes were not concluded until 28th April, the interval would be unduly short.
C.C. 16 (63)

(d) It was for consideration whether we should confine the extension of our limits to six miles or should enlarge them, over a period of years, to twelve miles, claiming sovereignty over the territorial waters in the first six miles and exclusive fishing rights in the second six miles as well. This question might deserve further examination. But it appeared probable that we could only extend our fishery limits by extending the limits of our territorial sea to the same extent; and there were cogent objections, on grounds of defence policy, to our appearing to acquiesce in principle in a twelve-mile limit to territorial waters.

(e) Even a six-mile limit to territorial waters in the neighbourhood of, e.g., Gibraltar and Hong Kong could involve us in difficulty if we were compelled to concede that countries enjoyed the same exclusive rights in relation to their air space as in relation to their territorial waters. There would be advantage, therefore, in seeking, if possible, to bring the law of the air into conformity with the law of the sea in the sense of establishing a right of innocent passage for aircraft corresponding to the right of innocent passage of ships at sea. On the other hand, there was little prospect that this objective could in fact be achieved.

The Cabinet—

(1) Agreed in principle that we should seek to give notice, before 15th May, 1963, of termination of the Regulations of 1843, made under the Anglo-French Convention of 1839, and of the North Sea Fisheries Convention of 1882.

(2) Invited the Foreign Secretary, in consultation with the Lord Chancellor, the Home Secretary, the Commonwealth Secretary, the Minister of Agriculture and Fisheries and the Secretary of State for Scotland to give further consideration to the precise timing of the action to be taken under Conclusion (1) in the light of developments in the current negotiations about the extension of the fishing limits round the Faroes and of the need to give adequate warning of our intentions to the other countries likely to be affected by our termination of the Treaties.

(3) Agreed that the United Kingdom should not support the proposal by the Canadian Government to promote a new international conference to discuss the breadth of the territorial sea and of fishing limits.

4. The Cabinet had before them a memorandum by the Foreign Secretary (C. (63) 44) about the development of a North Atlantic Treaty Organisation (NATO) nuclear force.

The Foreign Secretary said that we had suggested in the course of the Nassau negotiations, and were now developing in NATO, the concept of a NATO nuclear force, consisting of national contributions under the control of a Trusteeship Group. It was essential to this concept that tactical nuclear weapons should be accepted as contributing to the force, since only in this way would it be possible for European countries other than the United Kingdom and the United States to participate. The United States Government, on the other hand, favoured the development of an internationally owned and internationally manned deterrent force, consisting of surface ships or submarines armed with Polaris missiles. Countries participating in this force would be required to contribute to its cost, which might average $600 million a year over a period of 10 years.

The United Kingdom and United States proposals were not mutually exclusive. They could be considered as complementary.
means of securing our common objective of anticipating pressure from the Federal Government of Germany to possess and control its own national nuclear force. We believe that the Federal German Government would accept the degree of control over a NATO nuclear force which they would derive from membership of a Trusteeship Group, exercising peacetime supervision over the force and giving guidance to its military authorities. The United States Government, on the other hand, believed that nothing less than participation in the physical manning of a nuclear force would satisfy German aspirations in the longer term. Under both concepts the credibility of the NATO deterrent might be diminished (whether because, under the United Kingdom concept, it might be held that the Trusteeship Group would be unable to reach decisions in emergency or because, under the United States concept, a veto on the use of the internationally manned force would remain with the countries contributing the warheads). But this would not necessarily be the case; and, on balance, we should accept the risk.

The United States Government were at present discussing the creation of an internationally manned force direct with the Governments concerned and not in a NATO forum. We had already developed our ideas about the military aspects of a multinational force in the North Atlantic Council; but there had been little discussion of the political control of such a force. He intended to attend a meeting of the Council on 20th March, at which he would explain the lines on which we should hope to see political control of the force developed and would also explain the general background of our Atlantic and European policy.

In discussion the following points were made:

(a) The principal objective of both United States and United Kingdom policy was to prevent the Federal German Government from obtaining the possession and control of its own nuclear force. Participation by the Federal German Government in a NATO nuclear force, to which they were financially and politically committed, should help to reduce this risk. But it was not necessarily the only means to this end; and the question would require further examination in the context of possible developments in international relations.

(b) The United States proposals for an internationally manned force were unlikely to find acceptance unless the United Kingdom contributed to it. The United States Government were at present suggesting that we might contribute between 5 and 10 per cent of the total cost, a figure which took account both of the contribution which we had already made to NATO nuclear forces by assigning the V-bombers and of the cost of the British Polaris fleet. Even on this basis, however, our liability might rise to £100 million or more.

(c) But it should not be assumed that we should in fact be prepared to make a contribution of this order to an internationally manned force; and it would be important to avoid any commitment to do so. It would be equally important, however, not to discourage the United States Government by adopting a wholly negative attitude. We should therefore acquiesce in their developing their ideas, in consultation with other NATO Governments, to the greatest extent compatible with the avoidance, at the present stage, of any specific undertakings on our part. It would also be desirable not to discourage the Federal Government of Germany from active participation in the development of the United States concept, which they seemed at present inclined to support.

The Cabinet—

Took note that, in the light of their discussion, the Prime Minister would consider further with the Foreign Secretary the attitude to be adopted by the United Kingdom at the meeting of the North Atlantic Council on 20th March.
5. The Cabinet had before them a memorandum by the Foreign Secretary (C. (63) 43) on the financing of United Nations peace-keeping operations.

TheForeign Secretary said that any suggestion that the costs of future peace-keeping operations should be met by compulsory contributions from the members of the United Nations Organisation would probably be rejected by the Soviet and French Governments, who had hitherto refused to make any contribution at all to expenditure incurred in connexion with such operations. If they persisted in this attitude, they would be liable to vote in the Organisation in 1964; and a critical situation would arise. From a political point of view there would be advantage in deferring a development of this kind until at least the beginning of 1964. He had therefore suggested a compromise scheme, under which the costs of future operations would be met partly by compulsory and partly by voluntary contributions. It was not impossible that the Soviet and French Governments would accept a scheme on these lines, which would have the added advantage of making it feasible for the United Kingdom to refuse to contribute, beyond their compulsory quota, to operations of which the Government disapproved.

The Lord Chancellor said that, while he did not exclude the possibility of voluntary contributions, no scheme which relied on them would be consistent either with the terms of the United Nations Charter or with the recent judgment of the International Court. Moreover, if voluntary contributions failed to cover the full cost of operations in any given period, the General Assembly would still have the power to make compulsory assessments to meet the balance and would undoubtedly do so. Nor would a scheme on the lines proposed by the Foreign Secretary necessarily reduce the risk that Soviet and French intransigence might provoke a crisis in the Organisation. The Soviet and French Governments were already in default in respect of current operations, whereas the scheme now under discussion was only intended to apply to future operations. Unless, therefore, the Soviet and French Governments were prepared to make retrospective contributions, they would in any event be liable to lose their vote at the beginning of 1964. For these reasons he preferred an arrangement whereby the General Assembly, when initiating a peace-keeping operation in future, would impose an initial limit on the expenditure to be financed by compulsory contributions and would thereafter have to renew this authority if further expenditure were required.

In discussion, there was general agreement that a scheme based on compulsory contributions on the lines suggested by the Lord Chancellor would not only be consistent with the provisions of the Charter but would also have the political advantage of making it possible for the General Assembly to review the scope and character of an operation before authorising further expenditure. It would therefore be appropriate that we should initially sponsor an arrangement on these lines but should be prepared, in the absence of support, to suggest, as a possible compromise solution, a scheme based on a mixture of compulsory and voluntary contributions on the lines suggested by the Foreign Secretary.

The Cabinet—

Invited the Foreign Secretary to instruct the United Kingdom Permanent Representative at the United Nations to suggest to the Working Group considering the future financing of United Nations peace-keeping operations the adoption of a solution on the lines suggested by the Lord Chancellor in C. (63) 43 and to authorise him, if that scheme commanded insufficient support, to put forward the alternative proposals described in the same memorandum.
6. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C. (63) 48), reporting the conclusions of the Wages Committee on recommendations by the Review Body on the remuneration of National Health Service doctors and dentists.

The Chancellor of the Exchequer said that the Review Body had recommended an increase of 14 per cent in the present rates of remuneration of doctors and hospital dentists. This increase was intended to be valid for a three-year period, although the Review Body were aware that the resulting remuneration would be too high at the beginning of the period and too low at the end of it. But they believed that the present rates had been overtaken much earlier in the previous three-year period than had been originally foreseen; and they had dated the next period not from 1st January, 1963, as would be strictly correct, but from 1st April. Their figure of 14 per cent therefore related, as they had themselves made clear, to trends which had occurred over a period "much in excess" of three years; and they had stated that they expected the new level to remain appropriate for a period of three years "at least". In these circumstances it would be reasonable for the Government to regard the recommendations as relating to a period of approximately four years and as implying, therefore, an average increase of no more than about $3\frac{1}{2}$ per cent per annum.

The Wages Committee had felt that there would be no advantage in seeking from the Review Body a detailed explanation of their calculations or in attaching reservations to the Government's acceptance of the recommendations. The best course would be to announce acceptance as soon as possible and to ensure that prominence was given to the Government's interpretation of the period to which the recommendations related. Since the Review Body had evidently felt some doubt about the triennial basis—which they had adopted on the recommendation of the Royal Commission on Doctors' and Dentists' Remuneration—the Government might, at a later stage, make an informal offer to discuss this aspect of the question with them; but no publicity should be given to this offer.

Discussion showed that the Cabinet were in general agreement with the conclusions reached by the Wages Committee.

The Cabinet—

(1) Approved the proposal in C. (63) 48 that the remuneration of National Health Service doctors and dentists should be increased by 14 per cent with effect from 1st April, 1963.

(2) Invited the Chancellor of the Exchequer, in consultation with the Secretary of State for Scotland, the Minister of Health and the Minister without Portfolio, to submit to the Prime Minister the draft of an announcement of the Government's decision and to make appropriate arrangements for its public presentation.

7. The First Secretary of State said that the Committee on the Reorganisation of the Railways, of which he was chairman, had made a preliminary examination of the Report of the Railways Board entitled "The Reshaping of British Railways". The recommendations of this Report, which was based on a thorough analysis of the problem, would involve drastic alterations in the existing system and substantial curtailment of services, especially in the more remote parts of the country. But it also contained positive proposals of great value, which held out the prospect that in due course the Board's annual deficit of about £150 million could be eliminated. The
Committee had therefore concluded that, in spite of the considerable objection which would be raised in the areas affected by the proposals to curtail existing services, the Board’s approach to the problem should be accepted, as being in accord with the Government’s policy of promoting growth and modernisation in the economy.

The chairman of the Board, Dr. Beeching, would announce that day that the Report would be published on 27th March; and the Committee had therefore considered in what terms a statement might simultaneously be made on the Government’s behalf and what arrangements should be made to ensure appropriate presentation of the Report to the public. The statement should refer to the social and other factors involved in the closure of passenger lines and should give examples of the types of service to which special considerations might apply. It should also indicate the advantages to be derived from the Board’s constructive proposals for the more efficient transport of freight; and it should seek to set in proper perspective the delicate question of staff redundancy.

In discussion, the following points were raised:

(a) The list of stations and lines which it was proposed to close would give rise to much public protest. The Government’s aim, however, should be to convince the public that, while changes on the scale required could not be made without causing individual inconvenience, an efficient railway system would make an invaluable contribution to the economic well-being of the country.

(b) The eventual elimination of the Board’s annual deficit would be of considerable benefit to the Exchequer. But the emphasis should be laid not so much on the Government’s concern to make the railways pay as on the fact that losses were incurred at present because the system was not adapted to modern needs. Moreover, an economic railway system would facilitate a co-ordinated transport policy, which would enable adequate services to be provided on the roads as well as on the railways.

(c) Special publicity should be given to the map appended to the Report, which illustrated the extensive network of bus services, and to the willingness of the operators concerned to expand these services in areas where railway services were withdrawn.

(d) The examination by Transport Users’ Consultative Committees of objections to proposals for closure of passenger lines would be a lengthy process; and during this time sectional and local discontent would be liable to obscure the favourable impression which effective initial presentation of the Report might create. The procedure, however, was statutory; and it would not be practicable to alter it at this stage. But consideration should be given to other means of accelerating it, e.g., by increasing the number of Committees.

(e) In addition, piecemeal announcement of decisions about closures should be avoided, so far as possible. If these decisions could be announced in groups, it would be easier to present convincing arguments in their defence and to limit the amount of Parliamentary criticism to which they would be liable to give rise.

(f) Steps should also be taken to encourage industrial and other interests to give public support to the proposals in the Report on economic grounds.

The Cabinet—

(i) Took note that the Railways Board’s Report on “The Reshaping of British Railways” would be published on 27th March, 1963.
(2) Invited the Minister of Transport, in consultation with the Ministers concerned, to submit for their consideration, at a meeting in the following week, the draft of a statement to be made on behalf of the Government on the date of publication, together with proposals for securing the most effective public presentation of the proposals in the Report and for ensuring their implementation, where appropriate, as rapidly as possible.

8. The Cabinet had before them a memorandum by the Minister of Housing and Local Government (C. (63) 46) on the form and scope of a possible inquiry into the rating system.

The Minister of Housing said that, in view of the continuing Parliamentary concern on this subject, it might be wise to institute an inquiry into the rating system in order to demonstrate that the Government were alive to the issues involved and were not deferring investigation until the burden of rates became intolerable. It should be possible to arrange a factual inquiry, which would examine the probable trend of local government expenditure over the next few years and its impact on the rates; the effect of rates on different classes of the community in different areas; and perhaps also the practicability of devising alternative sources of local revenue.

In discussion, it was agreed that much of the pressure for an inquiry derived from anxiety about the effects of revaluation and rising rate calls on local or individual interests; but, if an inquiry were instituted, it should probably extend also to the underlying problem of the most appropriate means of financing local government services. It might be inexpedient, however, to permit the inquiry to include an examination of the methods by which Exchequer grants were paid to local authorities, since this might delay the current negotiations with local authorities for the incorporation of highway grants in the general grant. It would also be necessary to consider how far the Government could disclose their estimate of the probable trend of expenditure on the major local authority services, particularly education, without depriving themselves of freedom of manoeuvre in future negotiations with the local authorities.

The Cabinet—

Invited the Chancellor of the Exchequer, in consultation with the Home Secretary, the Chancellor of the Duchy of Lancaster, the Secretary of State for Scotland, the Minister of Health, the Minister of Housing and the Minister without Portfolio, to consider, in the light of their discussion, the composition and terms of reference of an inquiry into the rating system and to report to the Cabinet at a meeting in the following week.

Cabinet Office, S.W. 1.
14th March, 1963.