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6th Conclusions

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CABINET

*CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1,
on Wednesday, 20th November, 1963, at 10.30 a.m.*

Present :

The Right Hon. Sir ALEC DOUGLAS-HOME, M.P., Prime Minister	
The Right Hon. R. A. BUTLER, M.P., 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. LORD DILHORNE, Lord Chancellor	The Right Hon. HENRY BROOKE, M.P., Secretary of State for the Home Department
The Right Hon. DUNCAN SANDYS, M.P., Secretary of State for Commonwealth Relations and for the Colonies	The Right Hon. PETER THORNEYCROFT, M.P., Minister of Defence
The Right Hon. SELWYN LLOYD, Q.C., M.P., Lord Privy Seal	The Right Hon. ERNEST MARPLES, M.P., Minister of Transport
The Right Hon. JOHN BOYD-CARPENTER, M.P., Chief Secretary to the Treasury and Paymaster-General	The Right Hon. MICHAEL NOBLE, M.P., Secretary of State for Scotland
The Right Hon. Sir EDWARD BOYLE, M.P., Minister of Education	The Right Hon. JOSEPH GODBER, M.P., Minister of Labour
The Right Hon. Sir KEITH JOSEPH, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs	The Right Hon. ANTHONY BARBER, M.P., Minister of Health
The Right Hon. FREDERICK ERROLL, M.P., Minister of Power	The Right Hon. GEOFFREY RIPPON, M.P., Minister of Public Building and Works
The Right Hon. WILLIAM DEEDES, M.P., Minister without Portfolio	The Right Hon. LORD CARRINGTON, Minister without Portfolio

The following were also present :

The Right Hon. JULIAN AMERY, M.P., Minister of Aviation (<i>Item 1</i>)	The Right Hon. MARTIN REDMAYNE, M.P., Parliamentary Secretary, Treasury
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*Secretariat :*Sir BURKE TREND
Mr. A. L. M. CARY

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The
Organisation
and Finances
of B.O.A.C.
(Previous
Reference:
C.M. (63) 5th
Conclusions,
Minute 3)

1. The Cabinet had before them a memorandum by the Minister of Aviation (C.P. (63) 17), to which were appended alternative drafts of a White Paper dealing with the financial problems and the future organisation and management of the British Overseas Airways Corporation (B.O.A.C.), together with a draft Parliamentary statement by the Minister on the same subject.

The Minister of Aviation said that the shorter version of the White Paper, which had been prepared in the light of the Cabinet's previous discussion, would be less likely than the original version to give rise to controversy about the allocation of responsibility for the Corporation's present difficulties. But for this reason it might be more liable to stimulate pressure for the publication of the report by Mr. John Corbett, a leading accountant, which the Government were known to have received. If, therefore, the shorter version of the White Paper was adopted, it would be necessary firmly to resist this pressure.

In discussion the following main points were made:

(a) It was generally agreed that the shorter version of the White Paper was preferable to the original, longer, version. On this basis, however, the Corbett report should not be published. This should be made clear, if necessary, at the outset of any discussion of the White Paper or of the Minister's statement.

(b) Annex II of the longer draft White Paper, showing operating results for certain airlines for the years 1958-62, would be attached to the shorter version as well.

(c) Certain points not mentioned in the shorter version of the White Paper or in the statement would be better dealt with in debate. These included the effect on B.O.A.C.'s operation of the Government's decision to award trooping contracts to independent operators; the extent of the Government's responsibility for B.O.A.C.'s investments in subsidiary airlines, particularly in the Middle East; and the detailed justification for the changes in B.O.A.C.'s management which the Government intended to make.

(d) The terms of compensation for Sir Matthew Slattery and Sir Basil Smallpeice had now been agreed. It would be preferable, however, that the Government should refrain, if possible, from publicly disclosing them.

(e) Publication of the White Paper might result in the resignation of the present Board of the Corporation. Certain changes in the Board would in any event be necessary. It would also be desirable to strengthen the executive staff of the Corporation by new appointments, including some transfers from the senior staff of British European Airways. The Minister's statement, however, should confine itself to indicating that steps would be taken to fortify the management of the Corporation, without giving details in relation to particular posts.

In further discussion certain amendments to the draft statement were agreed.

The Cabinet—

- (1) Authorised the Minister of Aviation to arrange for the publication of the draft White Paper at Annex B of C.P. (63) 17.
- (2) Authorised the Minister of Aviation to make a statement, on the day the White Paper was published, on the lines of Annex C to C.P. (63) 17, subject to the amendments noted in their discussion.

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- (3) Invited the Minister of Aviation, in consultation with the Minister without Portfolio (Mr. Deedes), to consider the means of ensuring the most favourable public presentation of the Government's future policy for the British Overseas Airways Corporation.

**Industrial
Disputes
London Bus
Crews**

2. *The Minister of Labour* informed the Cabinet that the London Passenger Transport Board had been inclined to try to resolve the situation resulting from the refusal of London bus crews to work overtime by offering a substantial increase in pay. This would have been embarrassing in relation to the Government's wages policy; and it would therefore be preferable to establish an independent enquiry into the pay and conditions of work of the bus crews. Such an enquiry would appropriately be conducted by the National Incomes Commission; but a reference to the Commission required the agreement of the parties concerned and, in the present case, the Transport and General Workers' Union had refused their consent. He therefore proposed to announce in the House of Commons that day that the Government intended to remit the issues involved to an *ad hoc* enquiry, under the chairmanship of Professor Phelps Brown.

In discussion some doubt was expressed about the wisdom of constituting an independent enquiry into a situation which the Government might be expected to deal with themselves. On the other hand the questions at issue did not relate only to wages policy; they involved also technical considerations of transport policy and methods of transport operation, which required expert and independent examination if, as was clearly necessary, the wage structure of London bus crews should now be made the subject of a thorough revaluation. If so, however, it would be important that the Parliamentary statement about the enquiry should emphasise the wider context within which it would take place; that the enquiry's terms of reference should be sufficiently comprehensive for the purpose envisaged; and that the composition of the panel appointed to conduct the enquiry should reflect the technical factors involved. It might be desirable, therefore, that the panel should include one or two additional members, whose qualifications would enable them to pronounce authoritatively on the technical problems at issue and to insist, if necessary, on an adequate examination of radical changes in present methods of operation. Although it might be wiser not to make the establishment of the proposed enquiry conditional upon the withdrawal of the present ban on overtime working, it should be made clear in the statement that the Government would now expect this ban to cease.

The Cabinet—

- (1) Approved in principle the proposal to constitute an *ad hoc* enquiry into the circumstances of the current dispute about the conditions of service of London bus crews.
- (2) Invited the Minister of Labour, in consultation with the Minister of Transport, the Chief Secretary, Treasury, and the Minister without Portfolio (Mr. Deedes), to give further consideration, in the light of their discussion, to the public presentation of this proposal and to the desirability of including in the panel appointed to conduct the enquiry an adequate number of individuals qualified to examine the technical aspects of the problems involved.

*Cabinet Office, S.W.1,
20th November, 1963.*