CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 30th January, 1964, 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 (Items 1-6)
The Right Hon. Lord Dilhorne, Lord Chancellor
The Right Hon. Duncan Sandys, M.P., Secretary of State for Commonwealth Relations and for the Colonies (Items 3 and 7)
The Right Hon. Peter Thorneycroft, M.P., Minister of Defence
The Right Hon. Viscount Blakenham, Chancellor of the Duchy of Lancaster
The Right Hon. Ernest Marples, M.P., Minister of Transport
The Right Hon. Michael Noble, M.P., Secretary of State for Scotland
The Right Hon. Joseph Godber, M.P., Minister of Labour
The Right Hon. Anthony Barber, M.P., Minister of Health
The Right Hon. Geoffrey Rippon, M.P., Minister of Public Building and Works
The Right Hon. Quintin Hogg, Q.C., M.P., Lord President of the Council and Minister for Science
The Right Hon. Reginald Maudling, M.P., Chancellor of the Exchequer
The Right Hon. Edward Heath, M.P., Secretary of State for Industry, Trade and Regional Development and President of the Board of Trade
The Right Hon. Selwyn Lloyd, Q.C., M.P., Lord Privy Seal
The Right Hon. Christopher Soames, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. John Boyd-Carpenter, M.P., Chief Secretary to the Treasury and Paymaster General
The Right Hon. Sir Edward Boyle, M.P., Minister of Education
The Right Hon. Sir Keith Joseph, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs
The Right Hon. Frederick Erroll, M.P., Minister of Power
The Right Hon. William Deedes, M.P., Minister without Portfolio
The Right Hon. Lord Carrington, Minister without Portfolio (Item 6)

The following were also present:

The Right Hon. Julian Amery, M.P., Minister of Aviation (Items 3 and 5)
The Right Hon. Hugh Fraser, M.P., Secretary of State for Air (Item 3)
The Right Hon. Martin Redmayne, M.P., Parliamentary Secretary, Treasury

The Right Hon. The Earl Jellicoe, First Lord of the Admiralty (Item 4)
The Right Hon. Sir John Horson, Q.C., M.P., Attorney-General (Item 4)
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The Foreign Secretary said that the recent decision of the French Government to recognise the Communist Chinese Government might prove to be a prelude to the admission of Communist China to the United Nations. There was no present intention, however, that we should change the status of our own representation in Peking.

The Foreign Secretary said that discussions with the Government of the United States on the creation of an international peace-keeping force in Cyprus were making encouraging progress. The force would be under our command and our own contribution would be of the order of 4,000 troops, as compared with 1,200 from the United States and each of the other major members of the North Atlantic Treaty Organisation (NATO). In practice it might not be necessary to reinforce British forces now in Cyprus to the full extent of our contribution, since it had been agreed that some account could be taken of forces now deployed in the Sovereign Base Areas. The United States Government were disposed to make their acceptance of these arrangements conditional on agreement that the force should not remain in Cyprus for more than three months (although an extension of this period might be negotiated); that it should be instituted in the Island only after the Government of Cyprus had made a formal request to that effect; and that a mediator should be appointed in a fresh attempt to promote a political settlement. If agreement could be reached on this basis, it would be necessary, as a matter of urgency, to seek the co-operation of the other NATO countries involved and to persuade the Government of Cyprus to endorse the proposed arrangements. The United States had undertaken to give us full diplomatic support in these approaches.

In discussion the following points were made:

(a) If the force were to be required to exercise powers of arrest, trial and punishment of Cypriot citizens, difficult political and legal questions would arise. It would also be necessary to determine from what source the force would derive its political authority and from whom it would receive its orders. These questions should be studied urgently.

(b) In so far as the United Kingdom contribution to the force required the despatch of additional troops to Cyprus, these could be drawn either from Germany or from that element of the Strategic Reserve in the United Kingdom which had been assigned to NATO. While it would be right to invite the Supreme Allied Commander, Europe, to say which source he would regard as preferable, he should be informed that the Government would themselves see advantage in moving troops from the United Kingdom rather than from Germany.

(c) The arrangements now under discussion with the United States Government envisaged that, if the international force required to be strengthened, reinforcements should be provided by the participating countries in proportion to their original contributions. This could impose a heavy additional liability on the United Kingdom.

The Cabinet—

(1) Invited the Minister of Defence, in consultation with the Foreign Secretary and the Commonwealth Secretary, to
arrange for consideration to be given to the political and legal implications of the establishment of an international force in Cyprus, in terms of the status and authority which such a force would possess.

(2) Authorised the Minister of Defence to take such action as might be appropriate in order to avoid delay in the establishment of the international force, once it had been accepted in principle.

(3) Agreed that, if the force were established, it would be necessary to send further United Kingdom troops to Cyprus, preferably from the United Kingdom.

The Commonwealth Secretary, who joined the Cabinet later in their discussion, confirmed that we were approaching agreement with the United States Government on the proposal to establish an international force in Cyprus.

4. The Cabinet had before them memoranda by the Minister of Transport (C.P. (64) 25) and by the Foreign Secretary and the Minister of Defence (C.P. (64) 26) about the Memorandum of Understanding under negotiation with the United States Government on claims and indemnity for accidents resulting from the stationing of nuclear vessels in the Holy Loch.

The Foreign Secretary said that, as a result of further consideration of the issues involved in consultation with the other Ministers concerned and in the light of the Cabinet's earlier discussion, he remained convinced that, if we were to honour the undertakings given to Parliament by the then Minister of Defence in 1961, we must maintain that the North Atlantic Treaty Organisation (NATO) Status of Forces Agreement was applicable to claims arising from the Holy Loch arrangements, although we might agree to settle through diplomatic channels (on the lines proposed by the United States Government for all claims) such claims as were not covered by the Status Agreement. It would also be necessary to consider whether legislation should now be introduced to make it possible for the Government to give effect to an arrangement of this kind, so far as claims covered by the Status Agreement were concerned, by extending to the operators of nuclear-propelled ships the principle of sole and absolute liability of the operator which had already been applied to the operators of nuclear installations on land by the Nuclear Installations (Licensing and Insurance) Act, 1959.

In discussion there was general agreement with these views. The following main points were made:

(a) The omission of any reference to the Status of Forces Agreement in the Holy Loch arrangements would expose the Government to serious criticism and charges of breach of faith. Moreover, the general formula now proposed by the United States Government, whereby all claims would be dealt with "through diplomatic channels in accordance with customary procedures for the settlement of international claims under generally accepted principles of law and equity", imposed no legal liability on them, since no principles of law and equity were yet generally accepted in this context.

(b) There could be little doubt that the United States Government would in practice find it necessary to satisfy any claims arising from the operation of one of their submarines. But it might be difficult for them at this stage to revise substantially the wording which they were now suggesting, since it had already been submitted to the appropriate Committee of Congress. Moreover, to protract negotiations might lead to continued difficulty in the supply of certain
special materials needed for our own submarine-building programme. There was some reason to believe, however, that the United States authorities might now be prepared to be co-operative in this matter as a result of the successful negotiation of the safety provisions of the Holy Loch Agreement.

(c) It would be necessary to give further consideration to the need for early legislation imposing a sole and absolute liability on the operators of nuclear ships. This, in turn, could lead to criticism of the Government for the evident lack of any legal protection against the effects of accident up to the present time. It might also appear unreasonable to impose on British ship owners, who might at some future date wish to operate nuclear merchant ships, an obligation which had not yet been accepted either by the United States or by Russia. On the other hand continued delay in bringing the law into conformity with the undertakings already given to Parliament would be liable to expose the Government to increased criticism when the facts became known.

The Cabinet—

(1) Authorised the Foreign Secretary to instruct Her Majesty’s Ambassador in Washington to reopen negotiations with the United States authorities on the basis proposed in paragraph 9 (a) and (b) of C.P. (64) 26.

(2) Invited the Lord Chancellor, in consultation with the Ministers concerned, to arrange for an examination of the need to enact legislation applying the principle of sole and absolute liability to the operators of nuclear ships.

(3) Took note that the Prime Minister would, if necessary, discuss with the President of the United States, during his forthcoming visit to Washington, the claims and indemnity provisions to be incorporated in the Memorandum of Understanding governing the administrative and financial arrangements for United States Polaris submarines in the Holy Loch.

5. The Cabinet had before them a memorandum by the Prime Minister (C.P. (64) 28), proposing that, in the light of public reaction to the recommendations of the Robbins Committee on Higher Education, it would now be appropriate to establish a Secretary of State for Learning, Education and Science. The Secretary of State would be in charge of a single Department, consisting of two administrative units, each of which would be the responsibility of a Minister of State. One would be concerned with the schools; further education; teacher training colleges (at least initially); and, possibly, international bodies concerned with education. The other would deal with civil science and with all institutions of university status, including the Colleges of Advanced Technology.

The Secretary of State for Scotland would remain responsible for the schools and the lower ranges of further education in Scotland. Scottish universities, however, would continue to be financed through the University Grants Commission. They would therefore be the responsibility of the new Secretary of State; but he would consult the Secretary of State for Scotland on the appointment of members of the Commission and other university matters of concern to Scotland.

At the same time the various scientific research agencies operating under the Minister for Science would be reorganised on the lines recommended by the Committee on the Organisation of Civil Science,
subject to the institution of arrangements for creating close co-operation between the agencies and the relevant Government Departments. As a result three new bodies would be created—a Science Research Council, responsible for research in the universities in pure and applied science; a Natural Resources Research Council; and an Industrial Research and Development Authority, which would take over the majority of the research institutions at present managed by the Department of Scientific and Industrial Research. These new bodies, together with the Medical Research Council and the Agricultural Research Council, would become the responsibility of the new Secretary of State. The National Research Development Corporation, however, should continue to be associated with the Board of Trade; and further consideration should be given to the future of certain individual establishments, e.g., the Road Research Laboratory and the Building Research Station.

The Robbins Committee had recommended that the Government's responsibility for the Arts should be transferred from Treasury Ministers to the new Minister responsible for higher education and science. This proposal, however, had encountered considerable criticism; and it would therefore be preferable to make no alteration for the time being.

These changes in Ministerial responsibilities, which could be made without legislation, should be the subject of a brief general announcement in the near future and should be completed in time to enable the new Department to be created by April or May.

In discussion there was general agreement in principle with these proposals. The following points were made:

(a) It would be preferable to avoid too specific or detailed a title for the new Secretary of State, since this might inhibit the Government from making further adjustments in the light of experience. From this point of view the title "Secretary of State for Education and Science" should suffice.

(b) The substitution of a single Secretary of State for the two Ministers who had hitherto been responsible for promoting the interests of education and science in Cabinet discussions might be held to imply that the Government would henceforward attach less importance to the claims of ordinary education as distinct from higher education and research. For this reason the new Ministers of State should be given a status commensurate with the important responsibilities which they would discharge.

(c) The most appropriate division of functions between the two Ministers of State would not necessarily coincide with the present distribution of responsibilities between the Minister for Science and the Minister of Education; and it might therefore be expedient that both Ministers of State should be entitled "Minister of State for Education and Science", the allocation of functions between them being left to the discretion of the Secretary of State in the light of experience.

(d) It might be held to be anomalous that the Atomic Energy Authority, which was at present in the charge of the Minister for Science, should henceforward be combined with the schools as the responsibility of the new Secretary of State. Any alternative arrangement, however, would be open to objection at this stage; and, although the question might be reconsidered in due course, the Authority should initially be brought within the sphere of responsibility of the new Secretary of State.

(e) It could be argued that the promotion of civil scientific research should be made the responsibility of a separate Minister, who might well be the Minister in charge of one of the Departments which were closely concerned with scientific developments. The balance of advantage, however, appeared to incline in favour of combining responsibility for civil science with responsibility for
higher education, provided that more intensive efforts were made to establish closer links between the research agencies and the relevant Departments and to disseminate scientific knowledge and expertise more widely through the processes of administration.

The Cabinet—

Approved, subject to the points made in their discussion, the proposals in C.P. (64) 28.

6. The Cabinet resumed their discussion of the proposed Channel tunnel project. They had before them memoranda by the Chancellor of the Exchequer (C.P. (64) 29) and the Minister of Transport (C.P. (64) 30).

The Chancellor of the Exchequer recalled that at their previous meeting the Cabinet had invited him to consider, in consultation with the Minister of Transport, the terms in which the Government's attitude towards the Channel tunnel might most appropriately be announced. Agreement had been reached on the terms of the announcement set out in C.P. (64) 29 but not on its timing. If speculation was to be avoided, it was essential that the Government's tentative decision to proceed with the project, subject to further discussions with the French Government, should be announced before these discussions took place in order to anticipate any premature disclosure of their scope and purpose. But the Minister of Transport felt himself committed to announcing jointly with the French authorities a decision in principle to proceed; and such an announcement could be made only after the forthcoming discussions. The question whether, and in what form, private capital might have an opportunity of participating in the project would be for consideration during these discussions. But in making any announcement it would be desirable, in order to avoid speculation in the shares of the companies concerned with the project, to let it be known that it was likely to offer little, if any, scope for private equity capital, since this would be incompatible with the nature of the tunnel as a link between two publicly owned transport systems and with the degree of control which it would be necessary for the two Governments to exercise over the undertaking. Nor could the Government contemplate giving the guarantees which the promoters of a private profit-making enterprise would certainly seek.

The Minister of Transport said that it would be a breach of faith with the French Minister of Transport if the Government made a unilateral statement implying either a decision of principle in favour of the tunnel or a predisposition for or against any particular method of finance without giving the French Government an opportunity to comment on the terms of the statement and of any accompanying guidance. Since the French authorities apparently believed that the undertaking would provide opportunities for private loan capital and, possibly, for some form of equity also, it might be desirable for any guidance on this point to be confined to indicating that it should not be assumed that the project would necessarily proceed on the basis put forward by the promoters, who envisaged a measure of private equity capital.

In discussion it was suggested that, while the Government could now be reasonably satisfied that the project was technically and economically sound, a final decision to proceed should await further discussion of technical and financial details and should also depend on agreement about the timing of the work in relation to other demands on the economy. On the other hand it would be difficult
either to resume discussions with the French Government without informing them of a decision in principle to proceed or to make any public announcement which did not in effect commit the Government to undertake the project if satisfactory agreements could be reached on matters of detail and timing. In any event it was desirable that a decision in principle should be conveyed privately to the French Government before President de Gaulle held his Press conference on 31st January; and, in order to avoid premature public disclosure, it would be desirable for the Minister of Transport to discuss with the French Minister of Transport as soon as possible the terms of a public announcement which might be issued by the two Governments simultaneously.

A decision on the question whether, and in what form, private capital should be allowed to participate in the project could be taken only after discussion with the French authorities, since it would clearly be difficult for the two halves of the enterprise to be financed on radically different bases. In the meantime, while it was desirable to discourage speculation in the shares of the Channel Tunnel Company, it would be wrong to do so in terms so explicit as to render those shares virtually worthless. Special consideration might also have to be given to the prevention of speculation in land values in the vicinity of the English terminal of the tunnel.

The Cabinet—

(1) Agreed in principle to proceed with the construction of the Channel tunnel, subject to the conclusion of satisfactory agreements with the French Government on technical and financial arrangements and on the timing of the construction programme.

(2) Invited the Lord Chancellor, in consultation with the Chancellor of the Exchequer and the Minister of Transport, to prepare, in the light of their discussion, a revised statement announcing the Government's attitude towards the tunnel.

(3) Invited the Minister of Transport to take an early opportunity to inform the French Minister of Transport in confidence of their decision of principle and to seek his agreement to an announcement on the lines of the statement to be prepared under Conclusion (2) above.

(4) Invited the Foreign Secretary to instruct Her Majesty's Ambassador in Paris to inform the French Government that the Minister of Transport would take an early opportunity of seeking the agreement of the French Minister of Transport to a simultaneous announcement by the two Governments on the lines agreed at Conclusion (2) above.

(5) Invited the Chancellor of the Exchequer and the Minister of Transport to discuss further with representatives of the French Government the arrangements for financing the tunnel project.

7. The Minister of Agriculture said that, as a result of the Cabinet's earlier discussion, the Prime Minister had sent personal messages to the President of the United States and the Prime Ministers of Canada, Australia and the Argentine, emphasising the importance which we attached to a successful outcome of the current negotiations on arrangements for regulating the United Kingdom cereals market. Preliminary indications suggested that the Canadian Government might now accept our proposals and that the Australian and Argentine Governments also might be willing to co-operate, provided that the United States Government would do likewise. The United
States authorities, however, had already indicated, before the Prime Minister's message had been delivered to the President, that they would continue to adhere to their position on certain issues of principle on which they knew that we were unwilling to make concessions.

In the first place they had proposed that, in place of an undertaking in general terms that a fair and reasonable balance would be maintained between domestic production and imports, the balance should be defined by reference to the proportions supplied in a three-year average period ending 1st July, 1964. Although the level of imports had remained roughly constant in that period, the level of domestic production had increased. Acceptance of the United States proposal would therefore imply worsening the proportion so far as the domestic producer was concerned. This was clearly unacceptable. In addition the United States authorities had proposed that our commitment to take remedial action should relate not only to remedying a decline in the volume of imports below the three-year average but also to ensuring that our oversea suppliers received a fair and reasonable share in the growth of our market. Although no precise share of that growth would be specified, the intention would be clear and would be published in the agreement. While it might be appropriate to consider a commitment of this kind in the context of wider negotiations on the regulation of international trade, in which other participating countries would also be accepting commitments as regards their production and trading policies, it was clearly unacceptable to do so in the context of the present agreement. The United States should therefore be informed that their requests for further amendments could not be accepted; and they might be reminded that all our other oversea suppliers were prepared to accept the agreement in the terms in which it now stood as a result of the final amendments put forward by the Prime Minister in his recent message to the Heads of Government concerned.

The Cabinet—

Authorised the Minister of Agriculture to inform the United States authorities that the Government could not accept their most recent proposals for further amendments to the draft agreement on cereals.

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