CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 14th December, 1965, at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. GEORGE BROWN, M.P., First Secretary of State and Secretary of State for Economic Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. Sir FRANK SOKSECKE, Q.C., M.P., Secretary of State for the Home Department
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. DOUGLAS JAY, M.P., President of the Board of Trade
The Right Hon. ANTHONY CROSLAND, M.P., Secretary of State for Education and Science
The Right Hon. DOUGLAS HOUGHTON, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. FRANK COUSINS, M.P., Minister of Technology
The Right Hon. FREDERICK LEE, M.P., Minister of Power
The Right Hon. HERBERT HOWDEN, M.P., Lord President of the Council
The Right Hon. JAMES CALLAGHAN, M.P., Chancellor of the Exchequer
The Right Hon. ARTHUR BOTTOMLEY, M.P., Secretary of State for Commonwealth Relations
The Right Hon. ANTHONY GREENWOOD, M.P., Secretary of State for the Colonies
The Right Hon. THE EARL OF LONGFORD, Lord Privy Seal (Items 1 and 2)
The Right Hon. R. J. GUNTER, M.P., Minister of Labour
The Right Hon. RICHARD CROSSMAN, M.P., Minister of Housing and Local Government
The Right Hon. FRED PEART, M.P., Minister of Agriculture, Fisheries and Food (Items 3-5)
The Right Hon. BARBARA CASTLE, M.P., Minister of Overseas Development
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The following were also present:

The Right Hon. KENNETH ROBINSON, M.P., Minister of Health (Items 2 and 3)
The Right Hon. MARGARET HEBRISON, M.P., Minister of Pensions and National Insurance (Item 2)
The Right Hon. FREDERICK MULLEY, M.P., Deputy Secretary of State for Defence and Minister of Defence for the Army (Item 1)
Mr. GEORGE THOMSON, M.P., Minister of State for Foreign Affairs (Item 1)
Mr. GEORGE THOMSON, M.P., Minister of State for Foreign Affairs (Item 1)
The Right Hon. EDWARD SHORT, M.P., Parliamentary Secretary, Treasury

Secretariat:
Sir BURKE TREND
Mr. P. ROGERS
Miss J. J. NUNN
Mr. L. ERRINGTON

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1. The Prime Minister said that the Prime Minister of Nigeria, Sir Abubakar Tafawa Balewa, was arriving in London for discussions on his proposal that a meeting of Heads of Commonwealth Governments should be held in Lagos on 10th January, 1966, to discuss the situation in Rhodesia. This date had been deliberately chosen in an attempt to defer action by Commonwealth Governments on the recent resolution by the Foreign Ministers of African States at the meeting of the Organisation for African Unity that diplomatic relations with the United Kingdom should be broken off if we had not succeeded in crushing the rebellion by 15th December. President Kenyatta of Kenya, who was also opposed to breaking off diplomatic relations, had asked for a meeting of the Security Council to be held that day and African Governments were likely to promote a resolution on Rhodesia using the language of Chapter VII of the United Nations Charter and hence imposing mandatory obligations on member States. In discussion the previous day the Ministers primarily concerned had agreed to instruct the United Kingdom Representative at the United Nations to support such a resolution provided that it was limited to economic sanctions and an oil embargo. While such a resolution would, in the longer term, involve considerable risks for our overseas policy, and there might be pressure for similar resolutions relating to the situation in South Africa, the current balance of advantage lay in supporting it. Indeed, in relation to the immediate situation in Rhodesia it should be advantageous to us by increasing the degree of support by member States for the economic sanctions which the United Kingdom was imposing.

Meanwhile, discussions were being held with the United States Government on joint Anglo-United States measures for the imposition of an oil embargo and for the commencement of an airlift of supplies of petrol, oil and lubricants to Zambia. It was desirable that the announcement of such action should be made before the resolution of the Security Council was passed, since otherwise there would be serious risks to supplies of oil to Zambia. But it was essential that we should only act in concert with the United States and that they should agree to participate in the airlift from the outset.

He himself would be in New York in the very near future and would, if necessary, take part in the discussions in the Security Council.

The First Secretary of State said that the committee of officials concerned with further economic measures against Rhodesia had reported to him that certain decisions were urgently required and that some of them were essential for the effective conduct of the Mission leaving immediately for Zambia under the Minister of State, Commonwealth Relations Office. The most urgent decisions affected contingency planning to maintain the Zambian economy in the event of a break of economic relations between Rhodesia and Zambia. So far we had offered to bear the cost, within a limit of £1 million, of purchases of equipment to increase the capacity of alternative lane
routes for supplies into Zambia. The Zambian Government on the other hand had asked that Britain should bear the entire cost of contingency planning. Officials had now recommended that we should be prepared to accept financial responsibility for the costs of capital equipment and construction work outside Zambia which could be completed or provided within three months from the start of the whole operation, including assistance to improve surface routes in Tanzania. On the other hand, we should insist that Zambia should meet costs arising in Zambia and should finance all purchases of goods and freight charges, even where these would be higher than normal or the goods were required for stockpiling. The limit of our financial commitment should be set at £5 million for approved projects, plus the cost of any airlift on which we agreed to embark. It would be impossible for the Minister of State, Commonwealth Relations Office, to make any progress in his discussions with the Zambian Government unless authority along these lines was given to him immediately. Second, officials had recommended that the preparations for mounting an airlift into Zambia by the United Kingdom should be pressed ahead, since it would take several days yet to complete the necessary steps. In particular, discussions were needed with the Tanzanian Government over the use of airfields in that country; and arrangements needed to be made for the chartering of the necessary aircraft. Thirdly, officials had recommended that exports of machinery, vehicles and chemicals to Rhodesia should be banned at an early date in order to increase the pressure on the Rhodesian economy.

In discussion there was general agreement that it was necessary to increase our contribution towards the cost of contingency planning for Zambia along the lines recommended by officials. It would be important not to indicate to the Zambian Government the limit of the commitment which we were prepared to entertain; but the Ministerial mission should have authority to approve arrangements which would involve expenditure up to £5 million, excluding the cost of an airlift. It would be essential not to find ourselves financing projects which were really part of long-term economic development in Zambia. As regards the relation between the £10 million aid to Zambia for which we already had a commitment and the aid for contingency planning, officials had recommended that we should inform the Zambian Government that we could not at this stage commit ourselves to maintaining the £10 million figure in addition to the aid for contingency planning and that we should review the matter with them in the light of all the circumstances after the Rhodesian crisis had been resolved. This aspect of the matter should, however, be further considered by the Ministers concerned.

As regards preparations for an airlift it was pointed out that stocks of petrol and oil in Zambia were at a very low level and that it was most important to increase these stocks before an oil embargo was introduced. There was a strong case, therefore, for starting an immediate airlift of these products as soon as it could be arranged. On the other hand, it was undesirable to accept a definite
commitment to this effect unless the United States Government were prepared to share it with us. So far they had suggested that we should announce a joint oil embargo, together with a wholly United Kingdom airlift into Zambia, on the understanding that they would be ready to reinforce the latter if it proved necessary. A limited undertaking of this kind, however, was insufficient assurance of United States support.

As regards exports, it was suggested that United Kingdom exporters were not, in fact, at present prepared to export to Rhodesia on any significant scale, particularly in the light of the withdrawal of the facilities provided by the Export Credits Guarantee Department.

The Prime Minister, summing up the discussion, said that there was general agreement with the recommendations of the First Secretary of State as regards the financial contribution to be made by the United Kingdom to contingency planning for Zambia, i.e., expenditure on immediately relevant projects to improve the capacity of the surface routes into Zambia up to a maximum of £5 million, plus the cost of any airlift. The upper limit should not, however, be disclosed to the Zambian Government. Instructions should be sent to the Minister of State, Commonwealth Relations Office, in this sense. No action should be taken which would appear to commit the United Kingdom to an airlift into Zambia until the United States Government had agreed to share this responsibility; but preparations for the airlift should be pressed ahead in so far as this could be done without involving a definite commitment. The First Secretary of State should arrange for the Ministers concerned to discuss the relation between our contribution to contingency planning in Zambia and our ordinary financial aid to Zambia and to consider the possibility of a ban on exports of United Kingdom goods to Rhodesia.

The Cabinet—

(1) Agreed to increase the United Kingdom contribution to contingency planning in Zambia on the basis set out in the Prime Minister's summing up of their discussion.

(2) Invited the First Secretary of State to arrange for preparations for an airlift into Zambia to be pressed ahead, without at this stage incurring a definite commitment to operate the airlift as a solely United Kingdom responsibility.

(3) Invited the First Secretary of State to arrange for discussion by the Ministers concerned of the other matters raised during the discussion.
2. The Cabinet considered a memorandum by the Minister of Pensions and National Insurance (C (65) 176) outlining her proposals for reshaping national assistance.

The Minister of Pensions and National Insurance recalled that the Cabinet had invited her to prepare a scheme for remodelling national assistance in order to incorporate as many as possible of the features of the deferred Income Guarantee scheme. Her present proposals included the renaming of national assistance, a number of procedural improvements, and the introduction of certain standard allowances, in place of the present variable allowances, in order to reduce the amount of detailed enquiry which had to be made. Taken together her proposals would remove the less desirable features of the present system and make individuals less reluctant to claim assistance under its new name. Her proposals had been accepted in principle by the majority of the Social Services Committee, provided that the cost could be met within her public expenditure allocation. To achieve this she proposed to limit the next general increase of national insurance benefits, which was planned for 1967, to something less than would be required to keep those benefits in line with the movement of earnings.

She attached the greatest social priority to her proposals which she hoped, subject to the necessary legislation, to bring into operation by the autumn of 1966, when a normal increase in national assistance rates would probably be required. The results of her survey, to be published in the early spring, of the resources of retirement pensioners would show that about 650,000 retirement pensioners had not applied for national assistance despite their underlying entitlement, and that, of these, some 250,000 had no resources which could be disregarded, and were receiving no help from their families. The present national assistance scale rates represented a bare minimum of subsistence; the improvements she proposed were the least that should be done if, as seemed likely, no income guarantee scheme could be introduced before 1970. Moreover, her proposals would assist in ensuring the defeat of a further Private Member’s Bill to provide retirement pensions for persons not eligible for them.

She accordingly sought the Cabinet’s approval, as a matter of social priorities, of her proposals for remodelling national assistance and for limiting the next general increase in national insurance benefits to the extent required to bring the cost within her programme of expenditure. She was pursuing separately the associated organisational changes.

The Chief Secretary, Treasury, said that the Minister’s proposals posed in an acute form the choice between the commitment to increase national insurance benefits in line with the movement of earnings on the one hand, and, on the other, a limitation of such increases in order to concentrate resources selectively on means-tested benefits. This choice had not been so apparent when the proposals had been considered by the Social Services Committee. If the Government decided to limit the next benefit increase in this way, it would be essential to announce that intention at the same time.
as the national assistance proposals were published. The Minister's proposals would add to the budgetary difficulties in the coming financial year; in particular her proposal to give a new standard allowance of 7s. 6d. in partial substitution for the present discretionary additions would account for some £27 million out of the total cost of £32 million of her scheme. The implications of the choice now facing the Government, and of the need for a public announcement of any intention to limit a future benefit increase, ought to be further considered by the Social Services Committee who should also consider how far the proposed new standard allowance of 7s. 6d. was essential to the Minister's scheme.

In discussion the Minister's proposals were generally welcomed. While there was a need for a fundamental review of strategy in regard to benefits and assistance in order to rationalise the present provisions and re-establish the priority given to the relief of poverty, the Minister's proposals would be a step in this direction, since they diverted resources from unselective general benefit increases to selective provision for the most needy; but they left little room for expenditure on any other improvements up to 1970 unless resources were further diverted from general benefit increases. It was argued, however, that, if pressure to give the full earnings-related benefit increases was to be resisted when the time came to make them, it would be essential that the intention to limit the increases should have been made clear when the improvements in assistance were announced. A limitation on future benefit increases could most easily be justified in the context of the improvements in national assistance as expressing a coherent philosophy. On the other hand there was a risk of arousing unnecessary criticism by a premature announcement and in any event it would be important that the announcement should emphasise that even the limited increase in benefits was likely to improve their real standard rather than the fact that this would fall short of a full earnings-related benefit.

In further discussion the following main points were made:

(a) It would be important to delay the announcement of the changes for as long as possible in order to reduce the time that would elapse between the announcement and its implementation in the autumn of 1966.

(b) If there were no need for an early announcement there might be advantage in deferring a decision on the proposed standard allowance of 7s. 6d. for the old and others who had been on assistance for a long time, in view of its cost. On the other hand, this proposal was an essential part of the Minister's scheme. It would substantially reduce the number of enquiries that had to be made and, without it, there would be no significant improvement in the financial provision to be offered those on assistance in the absence of the income guarantee.

(c) While within the national assistance field this allowance would benefit most those who had no special needs, the income guarantee would have had a similar effect.
The Prime Minister, summing up the discussion, said that the Cabinet welcomed the Minister's proposals generally as concentrating available resources where they were most needed. While it would be necessary to associate with the announcement of the assistance changes a statement about the limitation of the next benefit increase, the timing and wording of the announcement would need further consideration. He would discuss with the Minister and the Chancellor of the Duchy of Lancaster the question of further organisational changes which raised machinery of Government issues.

The Cabinet—

(1) Approved C (65) 176.

(2) Invited the Minister of Pensions and National Insurance to consider, in consultation with the Lord President of the Council, the timing of the announcement of the proposed changes.

(3) Invited the Minister of Pensions and National Insurance to circulate in due course to the Ministerial Committee on the Social Services the terms of a statement on the proposed changes.

(4) Took note that the Prime Minister would discuss with the Chancellor of the Duchy of Lancaster and the Minister of Pensions and National Insurance changes in organisation of the Ministry of Pensions and of the National Assistance Board.

Social Services

3. The Cabinet considered a memorandum by the Chancellor of the Duchy of Lancaster (C (65) 178) about a proposal to increase the charge for school meals.

The Chancellor of the Duchy of Lancaster said that the Social Services Committee had been unable to reach agreement on a proposal to increase the charge for school meals in the coming April to 1s. 6d., or at least 1s. 4d. It had been argued in favour of the proposal that the increase in the cost of the meal since the charge of 1s. 0d. was fixed in 1957 had resulted in an increase from 50 per cent to 62 1/2 per cent in the share of the cost borne by the Exchequer and that it was contrary both to common sense and to Socialist principle to allow the subsidy to rise in a period when real incomes were also rising. Given an increase of 55-6 per cent in average earnings since 1957, the proportion of the family income spent on school dinners would remain less, even if the charge were put up to 1s. 6d., than it had been in that year. The saving to the Exchequer from the full increase would be £15 million in 1966-67, rising to £19-5 million in 1969-70; and the money could be better employed in other parts of the educational service, for example, on the minor works urgently required to improve sub-standard schools. If the charge remained at 1s. 0d., however, the increase in the school

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population and in the proportion of children taking the school dinner would raise the charge to the Exchequer from £75 million in the present year to £94 million in 1969-70.

On the other hand the Secretary of State for Scotland had argued that it would be wrong to change the pattern of family support by increasing the parental share of the cost of the school meal until the current studies of family support and of the relationship between help in cash and help in kind had been completed; that to increase the charge to 1s. 6d. would bear hardly on families just above the level at which charges were remitted; that to make the increase at present would be politically inopportune; and that it was unlikely to be rendered more acceptable to the public by being presented as the only way of financing improvements in school buildings. The Social Services Committee had recognised that the review of family support would take at least two years, as would a social survey specifically designed to establish the place of the school meal in family nutrition; but the Committee had hesitated to agree at present to an increase to either 1s. 6d. or 1s. 4d.

In discussion it was pointed out that a charge which, for a family with three children, would amount to 22s. 6d. a week, would be liable to cause hardship for families with incomes between £15 and £20, which were below the national average but just above the level which would attract remission, and would be inconsistent with other measures, such as the Rating Bill, which were particularly designed to help this income group. Moreover, a charge involving an increase of 7 per cent in the amount which a typical family in this group spent on food might well be prejudicial to the Government's policy of seeking restraint on wages and to the increasing employment of married women in industry since this depended on the continued availability of arrangements to ensure that their children had their midday meal at school. It would also draw attention to the fact that family allowances had not been increased since the price of the school meal was last fixed; and it would undoubtedly be strongly opposed by the Government's own supporters. To continue the subsidy even at a rising rate, however, would cost less than to increase family allowances; and, while it might be logical to raise the charge sufficiently to restore the parents' contribution to 50 per cent of the cost, it was arguable that the provision of a substantially subsidised school meal was a social service and should not be considered as a means of finding money required for educational purposes. If it must be so considered, then it could reasonably be given priority over minor works on school buildings, however desirable these might be. It was suggested, on the other hand, that the opposition to increased charges which was to be expected in the House of Commons might not reflect the opinion of the public at large, who might well accept that the parental contribution should keep pace with the rising cost of the meal and might consider it inappropriate to spend increasing sums on this particular aspect of social welfare. If the charge were not increased in the near future, it would not seem possible to increase...
it in advance of major changes in the system of social security and family endowment.

The Prime Minister, summing up the discussion, said that, while the Cabinet appreciated the anxiety of the Secretary of State for Education and Science to find money for the improvement of sub-standard schools, they did not consider that it would be appropriate at present to make any increase in the cost of school meals. This did not necessarily imply, however, that the charge need remain at its present level for a long time ahead.

The Cabinet—

Agreed that there should be no change at present in the charge for school meals.

4. The Cabinet considered a memorandum by the Minister of Transport (C (65) 177) to which was appended the draft of a White Paper on Road Safety Legislation.

The Minister of Transport recalled that the Cabinet had approved, earlier in the year, the provisions of a Road Safety Bill relating to drink and driving. The Bill would not, however, be ready for publication before Christmas; and it had therefore been agreed by the Home Affairs Committee that a White Paper on its provisions should be published to take the place of the customary Christmas propaganda campaign on drink and driving. The second part of the White Paper dealt with the safety of lorries, about which there was much public concern, and would make the goods vehicle provisions of the Bill itself the easier to understand. The White Paper had been redrafted to meet points raised in discussion by the Home Affairs Committee.

The Cabinet—

Approved C (65) 177 and the draft of the White Paper appended thereto, subject to any minor points of drafting which Ministers might wish to raise direct with the Minister of Transport.

5. The President of the Board of Trade said that the statistics of United Kingdom trade in November would be published that day. The figure for exports was the second highest on record; and, although the level of imports was still high, the trade gap was smaller than in many recent months. Above all, it was encouraging that the figure for exports over the first 11 months of 1965 showed an increase of 7 per cent above the level of the preceding year.

In discussion it was suggested that, though this improvement was to be welcomed, there remained an urgent need for a further effort to increase exports. It was important both that existing

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exporters should raise their level of exports and that manufacturers who did not at present export should be induced to do so. There might be some advantage in setting a target figure for the increase which should be sought by all existing exporters if we were to ensure a satisfactory balance of payments. If such a campaign were launched, it would be important not only that Ministers with responsibilities for particular industries should secure their co-operation but also that Ministers without economic responsibilities should play their full part in the campaign. On the other hand there might be disadvantages in establishing export targets with too much precision; nor was a campaign of the kind envisaged necessarily the most effective way of increasing exports.

The Cabinet—

Invited the First Secretary of State to arrange for the Ministerial Committee on Economic Development to consider the relative advantages and disadvantages of a further Government campaign to increase exports on the lines suggested in discussion.

Cabinet Office, S.W.1,
14th December, 1965.