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15th Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 1st March, 1966, at 10.30 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, M.P., Lord Chancellor
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign Affairs
The Right Hon. ARTHUR BOTTOMLEY, M.P., Secretary of State for Commonwealth Relations
The Right Hon. WILLIAM ROSS, M.P., Lord President of the Council of State for Economic Affairs
The Right Hon. DOUGLAS JAY, M.P., President of the Board of Trade
The Right Hon. RICHARD CROSSMAN, M.P., Minister of Housing and Local Government
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 following were also present:

The Right Hon. KENNETH ROBINSON, M.P., Minister of Health (Item 3)
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Postmaster-General (Item 2)
The Right Hon. EDWARD SHORT, M.P., Parliamentary Secretary, Treasury

The Right Hon. HERBERT BOWDEN, M.P., Lord President of the Council of State for Economic Affairs
The Right Hon. JAMES CALLAGHAN, M.P., Chancellor of the Exchequer
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. ROY JENKINS, M.P., Secretary of State for the Home Department
The Right Hon. JAMES GRIFFITHS, M.P., Secretary of State for Scotland
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Overseas Development
The Right Hon. SIR FRANK SOKSICE, Q.C., M.P., Lord Privy Seal
The Right Hon. R. J. GUNTER, M.P., Minister of Labour
The Right Hon. FRED PEART, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. BARBARA CASTLE, M.P., Minister of Transport (Items 2 and 3)
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury (Item 3)

Secretariat:

Sir Burke Trend
Miss J. J. Nunn
Mr. L. Eeringham

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1. The Prime Minister informed the Cabinet that, in accordance with precedent, an Election Business Committee would be appointed to supervise the work of advising Government candidates about the replies which they should return to questionnaires and other enquiries put to them during the campaign. A memorandum defining the composition and functions of this Committee would shortly be circulated. It should be noted that the purpose of the Committee was primarily to provide or verify factual information and that, as regards enquiries from or on behalf of Labour Party candidates, its role in relation to issues of Labour Party policy should be confined to checking guidance provided in the first instance by Party Headquarters.

Instructions would also be issued on the use of official transport and the granting of Press interviews by Ministers during the Election. Broadcasting arrangements would be based on an agreement recently concluded between the political Parties and the broadcasting authorities, whereby proposals for broadcasts by Parliamentary candidates would be channelled through national and regional Party Headquarters.

In view of the many demands on the short amount of Parliamentary time which would now be available it would be desirable to reduce as far as possible the number of Ministerial statements in Parliament which were at present envisaged. On the same basis there should be little scope for the publication of further White Papers. In addition it would be necessary to give urgent consideration to the text of The Queen's Speech on the Prorogation of Parliament, which would be delivered on the morning of 10th March. The Dissolution would follow later on the same day.

The Cabinet—

(1) Took note of these statements by the Prime Minister.

(2) Invited the Lord President to arrange to review, and to reduce as far as possible, the number of Ministerial statements to be made during the remainder of the present Parliament.

(3) Invited the Lord President to arrange for a draft of The Queen's Speech on the Prorogation of Parliament to be prepared as a matter of urgency, for consideration by the Cabinet at a meeting in the near future.

2. The Cabinet considered a memorandum by the Postmaster-General (C (66) 42) to which was attached a draft White Paper on Broadcasting.

The Postmaster-General said that the draft of the White Paper had been revised in the light of the Cabinet's previous discussion and of the Prime Minister's discussion with the British Broadcasting Corporation (BBC). The draft now before them contained, in addition to his earlier proposals for colour television, extended hours
of broadcasting, local sound radio, a National Broadcasting
Commission and more intensive measures against licence evasion,
new proposals for financing the BBC and for the establishment of a
national music network to replace the BBC’s Light Programme. It
also proposed that the University of the Air should be established on
BBC-2 and that there should be no allocation of the fourth television
channel for the time being. It was desirable that an early
announcement should be made of the Government’s policy on
broadcasting, since the present uncertainty was giving rise to
damaging speculation; but, in accordance with the views expressed
under Item 1, it might be preferable to dispense with a White Paper
and to indicate the Government’s intentions by means of an early
statement in Parliament.

The Prime Minister said that he had now received from the
Vice-Chairman of the BBC (Lord Fulton) a statement of the BBC’s
preliminary views on the suggestions which he had discussed with
Lord Fulton and the Director-General of the BBC (Sir Hugh Greene).
Briefly, by restricting certain activities which the BBC considered
desirable though not essential, and by the strictest economy, the BBC
thought that they could maintain their services until 1968 on the
revenue produced by the present £5 licence fee, provided that there
was legislation on the lines proposed by the Postmaster-General to
reduce licence evasion and that steps were taken to prevent the
independent programme companies from taking advantage (for
example through an extension of hours of broadcasting or additional
programme expenditure) of the limitations which economy would
impose on the BBC. On this basis the BBC thought that an increase
in the licence fee to £6 in 1968 would be sufficient until the
mid-1970s. While this statement was encouraging, it raised certain
important issues of policy which would need to be further explored
with the BBC, and in the meantime it might not be possible to reach
conclusions on the proposals in the draft White Paper.

In discussion there was general agreement that the statement of
the BBC’s views appeared to offer a promising basis for further
negotiation, but since the statement represented a considerable change
of attitude its implications would need to be fully considered before
decisions could be announced. Moreover, some of the proposals in
the draft White Paper were not urgent and would not be welcome to
the BBC, and their publication at this stage might prejudice
negotiation on the main issue of finance. On the other hand, it was
possible that the Government would be questioned on particular
issues, and, while it might not be appropriate to volunteer a
statement, the Postmaster-General should be in a position to deal
with any questions which might arise.

In further discussion the following main points were made:

(a) The BBC’s statement in response to the Prime Minister’s
enquiries might, on further examination in the light of discussion with
the BBC, enable an early indication to be given that no increase in
the licence fee would be needed before 1968.
While it would be desirable to announce an early decision to introduce colour television in order to enable our manufacturers to establish themselves in this market, it was necessary to weigh against this advantage the substantial diversion of resources which would result and the extent to which it might initially be necessary to import components from the United States. Moreover, it was still possible that a more satisfactory system of transmission would be devised; and it was open to doubt whether the BBC's estimate of the cost to them of introducing colour television was correct. Before reaching a decision it was desirable to consider further both the cost to the BBC and the priority which it would be appropriate to give to colour television in relation to other demands on the country's resources.

There appeared to be little public interest in the establishment of local community stations, and the suggestion that they should be financed in part from advertising might be open to objection. It would be desirable to consider further how the local broadcasting authorities were to be composed and in particular what part local authorities were to play in them.

Even if local broadcasting authorities were not established in the near future, there would be some advantage in setting up a National Broadcasting Commission; but this would not be welcome to the BBC and it would be preferable not to announce a decision on it at present.

The Prime Minister, summing up the discussion, said that there was general agreement that the BBC's recent letter, which he would circulate to the Cabinet, seemed to offer a new basis for negotiation on finance, but that it would need to be more fully examined with the BBC before conclusions could be reached. An early announcement might have to be made, however, and the Postmaster-General should therefore prepare, in the light of their discussion and of an examination of the BBC's letter, a draft of what might be said on broadcasting policy either by way of a statement or in answer to questions. Before the Cabinet reached a conclusion on colour television, the technical, financial and economic considerations should be further evaluated, and the First Secretary should arrange, in consultation with the Ministers principally concerned, for a factual memorandum to be prepared. However, the Cabinet considered that it would be preferable to avoid for the time being any announcement on the fourth network or on local community stations.

The Cabinet—

(1) Took note that the Prime Minister would circulate to the Cabinet the BBC's reply to his enquiries.

(2) Invited the Postmaster-General to consider, in the light of their discussion and of the letter from the BBC to the Prime Minister, what might be said on the subject of broadcasting policy, either by way of a statement or in
answer to questions, and to circulate a memorandum for consideration at an early meeting.

(3) Invited the First Secretary of State, in consultation with the President of the Board of Trade, the Minister of Technology and the Postmaster-General, to circulate a memorandum on the technical, financial and economic considerations involved in proceeding with colour television.

(4) Agreed to resume their discussion at a later meeting.

3. The Cabinet had before them a note by the Minister of Pensions and National Insurance (C (66) 44), to which was attached the draft of a White Paper on the Ministry of Social Security.

The Prime Minister said that it might be appropriate to make public the substance of the draft White Paper on the Ministry of Social Security by means of a brief statement in the House of Commons, followed by a Press Conference for which a somewhat fuller explanatory document might be provided.

The Minister of Pensions and National Insurance said that she had hoped that it might be possible to publish a White Paper in this instance because her proposals would not represent a new initiative, but rather the development of a theme which had already been introduced in a party political broadcast and in a speech by the Chancellor of the Duchy of Lancaster in the Debate on the Welfare State on 23rd February, in which he had promised that a further statement would be made. Some fuller statement of the Government's intentions was necessary to forestall possible criticism that they had failed to deal with the problems which they had originally hoped to solve by the introduction of the income guarantee, but, if a White Paper were thought inappropriate, a statement in the House of Commons would serve this purpose.

In discussion it was agreed that publicity should be given to the substance of the proposed White Paper by means of a statement in the House of Commons followed by a Press Conference.

The Cabinet then considered the content of the proposed statement. The following principal points were made:

(a) At the previous discussion it had been agreed that it would be necessary to associate with the announcement of the changes in national assistance a statement about the consequential proposal to limit the next general increase of benefits. This would not now be appropriate, but it would be the more important that the changes should be announced in general terms which would not allow them to be costed, and it was also necessary to avoid drawing attention to the question whether the non-contributory benefits would be liable to taxation. In certain circumstances a person with substantial disregards who received the new allowance and a high rent allowance might have an income above the taxable level, and this problem...
would have to be considered. It would be inequitable that pensioners who had not contributed to their pension should be free of tax, whereas those who had contributed were not, and it was possible that the level of income tax exemption was too low. For the purpose of an immediate statement, however, it was important not to give such detail about the proposed new disregards as to draw attention to the taxation point. The Board of Inland Revenue had also suggested that it might be desirable to avoid calling the new payment a pension, since normally pensions were liable to tax. It was pointed out, on the other hand, that it was desirable in referring to disregards to make it clear that the injustices which at present disturbed public opinion would be removed, in particular the inflexible operation of the upper limit for disregards and the distinction between war savings and other forms of saving. Subject to this, the purpose of the statement should be to indicate that the new form of assistance would be set in a different context from the old rather than to create any expectation that the amounts would be increased, and for this purpose the reference to disregards could be in general terms.

(b) The reference in paragraph 12 of the draft White Paper to the help which old people needed to obtain from the health and welfare services had been deliberately drafted in somewhat vague terms because the means of detecting needs of this kind were under consideration by the Ministerial Committee on the Social Services, and it would not be possible for decisions to be taken in the near future.

(c) References in paragraphs 12 and 13 to cash grants and to parallels with national assistance might suggest that the proposed changes were changes of name rather than of substance. These terms should therefore be avoided and it should be made clear in what way the proposed new Commission would differ from the National Assistance Board. The last sentence of paragraph 13 might with advantage be omitted, or redrafted.

The Prime Minister, summing up the discussion, said that the Minister of Pensions and National Insurance should recast in the light of the discussion the draft White Paper in the form of a statement to be made in the House of Commons. She should consult the Chancellor of the Exchequer on the references to disregards at present in paragraph 12, and submit a new draft to the Cabinet for consideration at their next meeting.

The Cabinet—
Invited the Minister of Pensions and National Insurance to recast the draft White Paper annexed to C (66) 44 on the lines indicated by the Prime Minister in his summing up of their discussion, and to submit a new draft for consideration at their next meeting.

Cabinet Office, S.W.1.
1st March, 1966.