CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 29th June, 1967, at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. GEORGE BROWN, M.P., Secretary of State for Foreign Affairs (Items 1-4)
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. RICHARD CROSSMAN, M.P., Lord President of the Council (Items 1-4)
The Right Hon. RON JENKINS, M.P., Secretary of State for the Home Department
The Right Hon. DOUGLAS JAY, M.P., President of the Board of Trade
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. FRED PEARSE, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. CLEDWYN HUGHES, M.P., Secretary of State for Wales
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology

The following were also present:
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury
Mr. PETER SHORE, M.P., Joint Parliamentary Under-Secretary of State, Department of Economic Affairs (Items 3 and 4)

Secretariat:
Sir BURKE TREND
Mr. P. ROGERS
Miss J. J. NUNN
Mr. H. L. LAWRENCE-WILSON
Mr. L. ERRINGTON
<table>
<thead>
<tr>
<th>Item</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PARLIAMENT</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>OVERSEA AFFAIRS</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Middle East</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Approach to Europe</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Zambia</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>OIL SUPPLY SITUATION</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>The Arab Oil Situation: Russian Oil</td>
<td></td>
</tr>
<tr>
<td></td>
<td>and Other Aspects</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>LOCAL GOVERNMENT IN WALES</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Draft White Paper</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>ROAD SAFETY</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Draft White Paper</td>
<td></td>
</tr>
</tbody>
</table>
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 debate on the Middle East in the General Assembly of the United Nations was likely to end late that week or early the following week. The objective of the Soviet Union, which might be achieved, was to obtain a two-thirds majority for a resolution condemning Israel, calling upon her to withdraw from conquered territory and to pay compensation to the Arab States; although this would have no legal validity, it would then enable the Soviet Union to take the matter up in the Security Council and to press there for sanctions against Israel. A group of States led by Yugoslavia was working for a modified resolution which was more likely to obtain the necessary two-thirds majority in the General Assembly; although this resolution would be somewhat milder, it would still open the way for the same action to be taken by the Soviet Union in the Security Council. A larger group of European, Asian, African and South American States was attempting to reach agreement on a resolution which would take account of all the factors bearing on a solution of the Middle East problem; although we were not openly taking the lead on this resolution, we were assisting its sponsors and we hoped that it would be such that we could support it and that it would obtain a majority in the General Assembly. It might then be possible to arrange for representatives of the United Nations to go to the Middle East and for the United Nations Emergency Force to be re-established in a strengthened form. Although the passage of two conflicting resolutions by the General Assembly would adversely affect the prestige of the United Nations, if the Soviet resolution alone were to be passed it would raise the possibility that the United States and ourselves might subsequently have to consider vetoing a resolution in the Security Council.

There were grave problems in the territory occupied by Israel west of the Jordan River; we were endeavouring to persuade Israel to prevent the further movement of refugees out of the area and to encourage those who had fled to return. Any improvement in the situation depended very much on the attitude, particularly in relation to the United Arab Republic (UAR), of King Hussein of Jordan, who would be visiting London at the beginning of the following week. Any improvement in the situation would be very difficult to achieve as long as the Government of Jordan continued to brand as traitors anyone who had dealings with Israel. As regards Jerusalem, although Israel had not formally annexed the Old City she had taken action which had the same practical effect and this would make an eventual settlement much more difficult.
Aerial photographs now available of the Suez Canal showed that there were 10 obstacles in it and it seemed clear that the UAR had been responsible for most, if not all, of these. It was estimated that it would take the UAR alone two months to clear the Canal. We were working with other countries primarily concerned to secure the re-opening of the Canal; although it was open to us in law to seek an injunction by the International Court of Justice at The Hague, it would be difficult for us to do so since, unlike the UAR, we had made reservations about the jurisdiction of the Court in a number of fields. The prospects for re-opening of the Canal were obscure, but some means of achieving it might be found when the Special Session of the United Nations General Assembly had been completed. The UAR had said that the Canal would not be re-opened until Israeli forces had been withdrawn from its eastern bank, but her economic situation had been serious even before the recent hostilities and it was difficult to see how she could afford the loss of earnings from the Canal, which amounted to between £6-8 million a week, unless the Soviet Union gave her massive support. The situation inside the UAR was confused and President Nasser appeared to be having difficulty in firmly re-establishing his position. Foreign consulates in the Canal Zone had been closed and since the cessation of hostilities there had been large deliveries of arms from the Soviet Union to the UAR; their nature was not clear but, although there had been reports that sophisticated weapons such as rockets might be included in them, this was not considered probable. It appeared however that large numbers of MiG aircraft had been included. Israel was now adopting a relatively moderate attitude towards the territorial aspects of a settlement in the Middle East problem, provided she could obtain guarantees for her security and essential rights.

The Cabinet—

(1) Took note of the Foreign Secretary's statement.

The Foreign Secretary said that we had reliable information that our application to join the European Communities had been strongly supported by the Five at the meeting of the Ministerial Council of the European Economic Community (EEC) earlier that week. In the upshot it had been decided that our application to join the Community should be remitted for examination and report by the EEC Commission by the end of September. France had not opposed this but, in pursuit of her policy of raising difficulties and causing delay in considering our application, had prevented the unanimous agreement among member States of the Community that was necessary before we could present our case to the Council. The Foreign Ministers of Belgium and Germany had then taken the lead in proposing that we should make our opening statement at a meeting of the Ministerial Council of the Western European Union (WEU) (which was in effect a meeting of the Six and ourselves) early in the following week and France had been unable to oppose this. It was the strong view of the members of the
Community other than France that we should take advantage of this opportunity to maintain the momentum of our approach to Europe and, subject to the agreement of the Cabinet, he would attend the WEU Council meeting on 4th or 5th July and make a full opening statement. This would be published as a White Paper and sent formally both to the WEU and to the EEC; he hoped that it would be approved at a meeting of the Ministerial Committee on the Approach to Europe on 3rd July but, if necessary, it would be brought before the Cabinet on 4th July.

In discussion there was general agreement that the Foreign Secretary should, as proposed, make a statement to the Council of WEU, since otherwise we should appear to have disregarded the advice of our supporters in the EEC and to have accepted the French view that the matter was not urgent. The statement should be discussed interdepartmentally in the normal way, on the basis that, although it could be amended as regards points of detail and presentation, its substance should not depart from the Cabinet's earlier decision in principle to seek membership of the EEC; and, in view of its political importance, the final draft should be considered by the Cabinet.

The Cabinet—

(2) Agreed that the Foreign Secretary should make a statement on our application to join the European Economic Community at the meeting the following week of the Ministerial Council of the Western European Union.

(3) Invited the Foreign Secretary to circulate the draft of such a statement for consideration at their next meeting.

The Commonwealth Secretary said that on 14th March the agreement to the appointment of Mr. Simbule as High Commissioner (Designate) for Zambia in London had been signed. Subsequently Mr. Simbule had made a vicious attack on the United Kingdom in a speech at Dar es Salaam and, although we had sought an explanation of the speech and had asked that there should either be an apology or that Mr. Simbule should be replaced, there had been no direct response from President Kaunda or from the Zambian authorities. Despite our request that he should not do so Mr. Simbule had in the meantime arrived in this country and was now seeking to present his credentials to The Queen and to obtain our agreement to a statement which dealt with his speech. This statement did not express regret but was to the effect that he had been told that the frankness that he could normally use in talking to his fellow Africans might have hurt the feelings of some people in this country and that, if so, he regarded it as unfortunate. If we were to accept Mr. Simbule's statement, which would be published, it would mean conceding that we accepted his right to make the attack despite the special relationship which he would have to this country as High Commissioner. It was also clear that there would be strong opposition in Parliament to this, particularly against the
background of recent attacks on our diplomatic representatives in China and of the fact that in recent months we had decided to withdraw representatives from two Commonwealth countries as a result of much less justifiable criticism of them by the Governments of those countries. We had to bear in mind that a rupture of relations with Zambia might follow if we refused to accept Mr. Simbule and that this might have serious political and economic consequences for us in view of the importance of Zambian copper and of the presence of large numbers of British subjects in Zambia; there was moreover a risk that President Kaunda might lose his power to the Foreign Minister, Mr. Kapwepwe. Nevertheless, he believed that we must insist that the draft statement which Mr. Simbule had sent should be amended to indicate his regret at having made an attack on us and that if he would not agree to this, either because he was himself unwilling or because he was under instructions not to do so, we should refuse to accept him as High Commissioner.

In discussion doubts were expressed at the wisdom of risking our economic interests in order to secure an explicit expression of regret from Mr. Simbule. The general view was, however, that the draft statement which Mr. Simbule had put forward was not satisfactory and that further attempts should be made to agree with him a modified wording expressing regret at the impression that his speech had made in this country.

The Cabinet—

(4) Invited the Commonwealth Secretary to seek to reach agreement with Mr. Simbule on a redraft of his statement on the lines indicated in their discussion.

SECRET

The Cabinet considered memoranda by the Minister of Power on the Arab oil situation (C (67) 112) and on petroleum prices (C (67) 113).

The Minister of Power said that the situation in respect of available supplies of oil had not altered substantially since the previous discussion by the Cabinet on this subject. Iraq had started to pump oil but Libya had not yet resumed production despite hopes that she would do so shortly. Nevertheless, the basic problem now was one of transport and cost, rather than of supply. A limited agreement had been reached in the Oil Committee of the Organisation for Economic Co-operation and Development which would ease co-operation on the equitable distribution of available supplies. Preparations for the introduction of rationing were being pursued in case this should become necessary. Rationing could begin early in September if the situation then made it necessary.

In discussion on this aspect there was general agreement that unless the situation deteriorated it would be preferable not to seek to introduce rationing during August, particularly as administrative
difficulties made it impracticable to bring the date forward by more than a week or two. The need for rationing would be considered further at the time. The Cabinet were also informed that developments in Nigeria put at risk the continued availability of Nigerian oil.

The Cabinet—

(1) Took note of the statement by the Minister of Power.

**Petroleum prices**

The Minister of Power said that the situation imposed extra costs on the oil industry amounting on an average to at least £2 a ton. The continuation of the present crisis for six months might cost the United Kingdom between £60 and £80 million in extra foreign exchange. The increased costs would have to be met through surcharges which, if spread evenly as the leading companies advocated, would be equal to 2d. a gallon on all products. It would minimise the effect on the economy if the surcharges were such as to bear more heavily on petrol than on other products, but the scope for variation was not large, partly because petrol formed only 15 per cent of total sales and partly because of other difficulties of supply and in the process of refining. The Government had no power to order specific changes in prices, but he proposed to include such powers in new legislation which would be required in the near future to enable rationing to be introduced without relying on emergency regulations. In these circumstances the best course would be to agree to an increase of £2 per ton in respect of crude oil and to weight the surcharge on petrol by increasing the price by 4d. a gallon. The surcharge on other main oil products would then be about 13d. a gallon. The leading companies would accept a solution on these lines. It would have to be clear that the surcharges were temporary and would be kept under review, but we could not rule out the possibility that costs would rise still further.

In discussion there was general agreement that an increase in prices must be accepted. It was, however, urged that it would be preferable to weight the surcharge on petrol more heavily than was proposed in order to lessen the burden upon industrial costs and to discourage private consumption and therefore the total level of imports and expenditure in foreign exchange. On the other hand, it was argued that there were serious technical objections to making such a relatively large increase in the price of petrol. In any event, it was questionable whether an increase of the order which would be involved of about 6d. a gallon would have any substantial effect on the level of consumption in the summer months. It would, however, have the undesirable consequence of increasing the cost of public road transport and the pressure for higher fares.

The Prime Minister, summing up this part of the discussion, said that the Cabinet on balance took the view that, since the increase of prices was designed to meet a temporary situation and
in view of the possible effect of the increased price of petrol on the level of fares in road transport, the best course would be to accept an even surcharge on all oil products of 2d. a gallon. This would, however, require further examination if the situation continued for any length of time and in particular if it proved necessary to introduce rationing. The increase should be announced as soon as the Minister of Power found it practicable to do so and in any event not later than the following day.

The Cabinet—
(2) Agreed that there should be an increase of £2 per ton in the price of crude oil.
(3) Agreed that there should be surcharge on all oil products of 2d. a gallon, on the understanding that this was temporary and would be kept under review.
(4) Invited the Minister of Power to announce the increases covered by Conclusions (2) and (3) as soon as possible.
(5) Agreed that legislation should be introduced before the Summer Recess to provide powers in respect of oil prices and rationing on the lines proposed by the Minister of Power.

Russian oil

The Minister of Power said that there had been three main reasons for the embargo which had been imposed in 1959 on imports from the Soviet Union of crude oil and major products. The import of Russian oil offered no advantages to our balance of payments; our oil industry already had its own sources of supply and the import of Russian fuel oil, which was the product most readily marketable in this country, would have increased the problems of the National Coal Board. In considering the possibility of removing the embargo, we should distinguish between supplies in the short and long term. The short-term oil supply problem that had arisen as a result of hostilities in the Middle East was primarily one of tanker shortage; because of the short haul from the Black Sea ports, any supplies of Russian oil or major products that we could obtain would ease the situation and, although it was unlikely that in present circumstances the Russians would make any large quantities of either available to us, we should relax the embargo so that these could be purchased either by industry or for Government stocks; publicity for such purchases should be considered. It was not yet clear what the effects on the balance of payments of the purchase of Russian rather than Venezuelan oil or oil from the Persian Gulf by the Cape route would be, since this would depend on the prices which the Soviet Union charged for it; Russian refined products would be more expensive for the balance of payments than those refined in this country.

For the long term, the possibility of obtaining supplies of oil from the Soviet Union was one of a number of aspects of our energy policy which required examination. The work which had so far been done did not indicate that recent events should lead
us to discriminate further against oil but the diversification of our sources of oil supply in order to safeguard ourselves against instability in the Middle East, the holding of larger stocks in this country and an increase in the tanker fleet, especially for use round the Cape, were being examined. We had to keep in mind the large stake that we had through our major oil companies in the Middle East; the reserves of crude oil to which they had rights equalled the total reserves in North and South America together. As regards the balance of payments, Middle East oil supplies to this country benefited us by £60 million a year and sales overseas by British Petroleum and Shell had been worth £160 million to our balance of payments in 1965. Perhaps a third of this total of £200 million was in respect of Arab oil.

In discussion there was general agreement with the Minister's proposals. There was also agreement that the embargo on imports of Rumanian oil should be lifted. It was however pointed out that in considering the longer-term issue of import of Russian oil it would be necessary to consider the effect on the existing unfavourable balance of our trade with the Soviet Union.

The Prime Minister, summing up this part of the discussion, said that the Cabinet were in general agreement with the Minister's proposals, which should be extended to include Rumanian oil. It was clear that in the immediate future we should not be able to obtain supplies of oil from the Soviet bloc on the open market, but the oil companies and Imperial Chemical Industries should be encouraged to import Russian and Rumanian oil products if they could obtain them. It was essential that this course should be kept strictly secret at the present stage, but if we succeeded in obtaining supplies the Foreign Secretary would wish to consider what publicity should be given to this. The longer-term issues in respect of imports of Russian and Rumanian oil should now be studied interdepartmentally, as proposed by the Minister of Power, as a matter of urgency.

The Cabinet—
(6) Approved C (67) 112.
(7) Invited the Minister of Power to take similar action in respect of the import of Rumanian oil.

CONFIDENTIAL

4. The Cabinet had before them a note by the Secretary of State for Wales (C (67) 110) to which was annexed the draft of a White Paper on Local Government in Wales.

The Secretary of State for Wales recalled that the Cabinet had agreed that work on the reorganisation of local government in Wales should be continued separately from the reorganisation under consideration in respect of England and Scotland. His predecessor had undertaken to publish a White Paper on the subject and he was anxious to redeem this pledge as soon as possible. The first
CONFIDENTIAL

four chapters of the draft annexed to C (67) 110, which had been approved by the Home Affairs Committee, discussed the Government’s proposals for the reorganisation of local government in Wales, presenting them as a means of meeting the urgent and special needs of Wales for a reduction in the number, and an increase in the strength of local authorities. Chapter V dealt with the proposals for a Council for Wales. He had originally envisaged an elected Council with some executive functions but, in deference to the views of his colleagues, now proposed that the question should be handled in two stages. At the first, the existing machinery for advisory and promotional work would be improved by creating a nominated council with wider advisory powers than the existing Welsh Economic Council and with freedom to appoint its own chairman and publish its reports; and at the second, consideration would be given in the light of the reports of the Royal Commissions on Local Government in England and in Scotland to the possibility of giving the Council additional powers and responsibility and making appropriate changes in its membership and constitution. These proposals had, by agreement with the Home Affairs Committee, been considered by the Environmental Planning Committee and approved. He would personally have preferred to be able to go further, but he recognised the need to study the Welsh situation in relation to proposals for the reorganisation of local government in England and Scotland and he believed that the proposals now put forward would strengthen the existing machinery. He intended to consult the local authorities before preparing legislation and estimated that the considerable amount of preparatory work involved would take about two years, leading to the introduction of a Bill early in 1970.

In discussion it was suggested that a substantial body of Welsh opinion in the House of Commons would be opposed to the proposals in the White Paper, on the ground there was no need to create a Council for Wales with co-ordinating functions in view of those already exercised by the Welsh Office. The Council would be likely to rival the authority of the Secretary of State and its creation, far from satisfying nationalist opinion, would merely encourage demands for an elected body. A more satisfactory solution of the problem would be the appointment of a Select Committee on Welsh affairs. On the other hand it was recognised that the Secretary of State was committed to publishing a White Paper. It would hardly be practicable to ignore the question of a Council for Wales and while it might be preferable, had it been possible, to say nothing on the subject until the Government had been able to form a view on the appropriate size and nature of the new major units of local government in England, the proposals now put forward represented a reasonable compromise and would be unlikely to prejudice future decisions. In particular the respects in which the Council for Wales differed from regional planning boards in England could be justified by reference to differences in the Welsh situation. The publication of the White Paper early in July might stimulate demand for a debate, but this could take place if necessary in the Welsh Grand Committee.
The Prime Minister, summing up the discussion, said that the Cabinet approved the proposals in the White Paper in respect of local government reorganisation and agreed that the two stage approach to the problem of a Council for Wales as set out in Chapter V was an acceptable compromise. The Secretary of State for Wales should consult the Lord President on the timing of publication and on a form of words to be used, should he be pressed to indicate when legislation would be introduced. On this he should avoid commitment but could proceed with preparatory work.

The Cabinet—

(1) Approved the draft White Paper annexed to C (67) 110.

(2) Invited the Secretary of State for Wales to consult the Lord President of the Council on the timing of its publication and on the form of words to be used in response to enquiries about the introduction of legislation.

The Minister of Transport (C (67) 111) to which was annexed a draft White Paper on "Road Safety—A Fresh Approach".

The Minister of Transport said that the White Paper described new proposals for dealing with road safety which had been forecast in the previous year's White Paper on Transport Policy. The White Paper described a new scientific approach to the problem through fact finding research and cost effectiveness analysis. It indicated how central and local machinery on road safety was to be strengthened and described particular measures which it was proposed to take in relation to the public, to vehicles and to the road user's environment. The White Paper had been approved by the Home Affairs Committee, subject to further consideration of two principal points. She had earlier contemplated the addition of an annex on the application of cost effectiveness analysis in identifying the most worthwhile road safety measures, but had concluded that the work was, as yet, at too early a stage to make it worthwhile or wise to describe it in detail. She had, however, expanded paragraphs 11 and 12 of the White Paper to give a fuller description of what had been done so far. Some concern had also been expressed in the Home Affairs Committee that the proposed increase from 16 to 17 in the minimum age at which juveniles might ride motor cycles and motor scooters would result in more of them riding illegally and coming before the courts for this and other offences. However, she had concluded that the case, on road safety grounds, for raising the age to 17 was overwhelming. The proposals in the White Paper would involve some additional Exchequer expenditure, mainly on publicity; this would be considered in the context of the current...
review of public expenditure and could, if necessary, be met from within her Department's existing provision. If the White Paper were approved, it was proposed to publish it on 4th July.

In discussion it was suggested that the proposal to raise the minimum age for riding motor cycles would be criticised by the motor cycle industry because of the consequent reduction in the home market; but there would be some saving in imports also. Raising the age limit would have the undesirable result that more juveniles would be brought before the courts for offences concerned with illegal riding of motor cycles and motor scooters; and there might be a case for retaining the present age limit for riding motor scooters, which were less dangerous in relation both to the number and the seriousness of accidents. On the other hand, it was pointed out that, while motor scooters were rather less dangerous than motor cycles, they were still so much more dangerous than cars that, on any ground of road safety, it would not be possible to justify a lower age limit for them. The raising of the age limit would be popular with parents. Existing licence holders under 17 would not, however, be deprived of their licences.

The Prime Minister, summing up the discussion, said that the Cabinet approved the White Paper on Road Safety. In particular, they agreed on balance that the age limit for riding motor cycles and motor scooters should be raised to 17. In deciding the timing of publication of future White Papers, Ministers should bear in mind the introduction by the Independent Television Authority of a full half hour's news programme at 9 p.m. There might be advantages in timing the publication of White Papers with a view to publicity in this programme and in the morning Press rather than in the evening Press as at present. Where, however, publication of a White Paper was to be accompanied by a statement in the House, it would be necessary to continue the present practice.

The Cabinet—

(1) Approved the draft White Paper on Road Safety—A Fresh Approach, annexed to C (67) 111.

(2) Invited the Minister of Transport to arrange for its publication in consultation with the Lord President of the Council.

Cabinet Office, S.W.1,
29th June, 1967.