CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Monday, 30th October, 1967, at 11 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
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. DENIS HEaley, M.P., Secretary of State for Defence
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. ANTHONY CROSSLAND, M.P., President of the Board of Trade
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. R. J. GUNTER, M.P., Minister of Labour
The Right Hon. BARBARA CASTLE, M.P., Minister of Transport
The Right Hon. RICHARD MARSH, M.P., Minister of Power
The Right Hon. MICHAEL STEWART, M.P., First Secretary of State
The Right Hon. RICHARD CROSSMAN, M.P., Lord President of the Council
The Right Hon. ROY JENKINS, M.P., Secretary of State for the Home Department
The Right Hon. PATRICK GORDON WALKER, M.P., Secretary of State for Education and Science
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. THE EARL OF LONGFORD, Lord Privy Seal
The Right Hon. FRED PEART, 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. REGINALD PRENTICE, M.P., Minister of Overseas Development (Item 2)
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury

Secretariat:
Sir BURKE TREND
MISS J. J. NUNN
Mr. E. M. ROSE
Mr. H. L. LAWRENCE-WILSON
Mr. K. BARNES
Mr. F. G. BURRETT
<table>
<thead>
<tr>
<th>Item</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>INDUSTRIAL DISPUTES</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Docks and Railways</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>SOUTH ARABIA</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>TRANSPORT POLICY</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Railway Policy: Draft White Paper</td>
<td></td>
</tr>
</tbody>
</table>
1. The Minister of Labour reported that the men were returning to work that morning in the Liverpool docks, but the strike in the London docks continued. He was meeting the British Railways Board and representatives of the National Union of Railwaymen later in the day and would press the Union to accept the current proposals for ending the dispute about the duties of guards. The proposal seemed to him to be an acceptable basis for agreement.

The Prime Minister said that in the circumstances no question of declaring a state of emergency arose, though the situation in the London docks should be kept under review.

The Cabinet—

Took note of the statements by the Minister of Labour and the Prime Minister.

2. The Cabinet had before them a memorandum by the Foreign Secretary (C (67) 169) on our policy for South Arabia.

The Foreign Secretary said that the situation in South Arabia had changed drastically since the Cabinet had decided on our policy for the area earlier in the year. Although it had seemed doubtful even then whether the South Arabian Federal Government would succeed in maintaining its authority up to and beyond independence, there had been no real alternative to continuing to back the Federal Government, while at the same time seeking to broaden its composition to include representatives of other shades of opinion in South Arabia. It was on this basis that the decisions had been taken to complete the withdrawal of our forces from the mainland of South Arabia early in January 1968 and to provide maritime and air support for the new State against external aggression for a period after independence. The disintegration of the Federal Government and the failure of the Rulers to maintain their authority even in their own States had left the National Liberation Front (NLF) and the Front for the Liberation of Occupied South Yemen (FLOSY) as the dominant political forces in South Arabia. Negotiations had been taking place for some time in Cairo between the NLF and FLOSY about the formation of a government for South Arabia but no agreement was yet in sight. There was thus no government to which we could hand over our responsibilities in South Arabia nor was it clear that there would be one even by the end of the year. In the meantime there was a risk that the South Arabian Army, which had been the main stabilising influence in the country in recent months, might split into NLF and FLOSY factions. The run-down of our forces in South Arabia, and the removal of our military stores, had gone according to plan and would be completed by mid-November.
apart from those required for the final period before withdrawal; the external threat to South Arabia was being reduced by the withdrawal of United Arab Republic (UAR) forces from the Yemen, which would be completed by early December, and there was no likelihood that if we were to speed up our own withdrawal the UAR would attempt to intervene in South Arabia.

Our policy must be adjusted to meet the new situation. In particular, there was no advantage in retaining our forces in South Arabia until January 1968; in the period between now and the end of the year they would be exposed to increasing risk from acts of terrorism as their strength declined and as the competing factions in South Arabia sought credit by attacking them. It might well be that a political settlement in South Arabia would be hastened by a rapid withdrawal of our forces.

He proposed that we should bring forward the date for the final withdrawal of our forces from South Arabia into the second half of November and that we should announce that this was our intention; planning would proceed for withdrawal on the earliest possible date, which was 22nd November, but we should leave open for the next two weeks the possibility of postponement until the end of November should developments make this desirable. We should also decide and announce that we were withdrawing our offer to provide maritime and air support to South Arabia against external aggression for a period after independence. The disappearance of the Federal Government had removed any obligation on us to maintain this offer; the withdrawal of UAR forces from the Yemen had made such support unnecessary and no successor regime in South Arabia was likely to want it. Some naval forces should, however, remain in the vicinity of Aden for a short period after our withdrawal in case it became necessary to evacuate the 800 British subjects who would remain in Aden.

Since it was important to maintain the cohesion of the South Arabian forces and their co-operation with us, we were continuing to send them the supplies of military equipment which had already been arranged. But we should seek, if possible, to avoid providing them with Hunter aircraft as had previously been intended; other questions of military and civil aid to South Arabia after independence should be left for later consideration. We must also decide what action should be taken about the 80,000 inhabitants of South Arabia who had citizenship of the United Kingdom and Colonies but no other connection with this country. He proposed that we should provide against the risk that they might seek to come to this country in large numbers by making an Order in Council that would give them citizenship of South Arabia and by taking powers at the same time to deprive them of citizenship of the United Kingdom and Colonies, though leaving for later a decision whether to exercise these powers. Finally we should accept that there was no prospect that the United Nations would agree to accept responsibility for Perim, and we should decide that the Kuria Muria islands should revert to the Sultanate of Muscat and Oman and that Kamaran should remain part of South Arabia.
We were now in sight of achieving the main objective of our policy, which was to withdraw our forces from South Arabia in an orderly manner; although there seemed little prospect that there would be a political authority to which we could hand over our responsibilities, the civil service in South Arabia, which consisted mainly of local staff, was holding together. Our actions had been criticised by King Faisal of Saudi Arabia who feared that they might have repercussions for the Rulers of the Persian Gulf States and there would be criticism in some quarters in this country when our plans were announced. Our policies were, however, likely to command general agreement in Parliament and in the country and could easily be defended.

The Cabinet were informed that the Foreign Secretary’s proposals had been endorsed by the Defence and Oversea Policy Committee in the previous week. In discussion there was general agreement with them, but the Foreign Secretary undertook to examine further the position of the small Jewish community in Aden in the context of his proposals for dealing with the nationality problem there.

The Prime Minister, summing up the discussion said that the Cabinet approved the proposals for our policy for South Arabia set out in C (67) 169. There had been speculation in the Press, following the meeting of the Defence and Oversea Policy Committee in the previous week, about impending changes in our policy for South Arabia, but it appeared likely that this was no more than intelligent guesswork.

The Cabinet—
Approved C (67) 169.

3. The Cabinet considered a memorandum by the Minister of Transport (C (67) 170) to which was annexed a draft White Paper on Railway Policy.

The Minister of Transport recalled that the Cabinet had agreed at their meeting on 25th July to accept the recommendations in the Report from the Joint Steering Group under the chairmanship of the Joint Parliamentary Secretary, Ministry of Transport (Mr. John Morris) which she and the Chairman of the British Railways Board (BRB) had set up to review future railway policy; the Cabinet had agreed that the necessary provisions should be included in the forthcoming Transport Bill. The Cabinet had also invited her to consult the appropriate Ministerial Committee on the timing and manner of publication of the recommendations of the Joint Steering Group. As regards the manner of publication, the best course would be to publish the Group’s Report in full. For this purpose the Group had prepared, at her request, a slightly revised version of the
report which they had submitted in July 1967 including only the minimum editorial changes but incorporating their earlier Interim Report. The revised version should now be regarded as the substantive Report of the Group, and the two earlier reports would remain confidential. The BRB had agreed to the publication of the substantive Report and she proposed that it should form an Annex to the White Paper. The main text of the White Paper set out the background to the new railway policy, described the main recommendations by the Group and announced the Government's decision to accept all these recommendations.

Publication had now become urgent because of developments affecting the future of the Chairman of the BRB, Sir Stanley Raymond. It had previously been decided that he should be replaced as Chairman of the Board and should be invited to take appointment as Chairman of the proposed Freight Integration Council (FIC). It had been her intention to defer action on this matter until after the present critical stage of negotiations between the BRB and the unions. However, she had learned during the previous week that the Press had gained some advance information of what was proposed and that reports were about to be published that the Chairman was to be dismissed. In order to forestall such misleading reports, it had been necessary to bring matters quickly to a head. She had therefore, after consultation with the Prime Minister, seen Sir Stanley Raymond, to offer him appointment as Chairman of the FIC, and this had been announced. It was now imperative to publish the White Paper quickly in order that the public should be informed about the policy background to the change in the chairmanship of the BRB and in order to minimise undesirable speculation about Sir Stanley Raymond's successor. She therefore recommended that the White Paper, subject to any amendments which the Cabinet wished to make, should be published on Thursday, 2nd November. The draft annexed to C (67) 170 had had to be prepared quickly, and it would be helpful if her colleagues would give her discretion to make any amendments of a purely drafting character which might be desirable.

In discussion it was suggested that the circumstances in which the Chairman of BRB had been informed that his appointment was to be terminated were unfortunate. On the other hand it had been essential to act immediately and to offer him the post of Chairman of the FIC to prevent misleading reports in the Press on the following day.

In discussion of the text of the draft White Paper the following points were made:
(a) It was stated in paragraph 3 that the decision, published in March 1967, to adopt a basic railway network of some 11,000 route miles would call a halt to the drastic reductions in route miles which would have been necessary under the term of the 1962 Transport Act. This statement could be regarded as a firm commitment in all circumstances to a network of not less than 11,000 route miles, although further reductions might be needed at some time in the future. While any direct suggestion that further reductions were contemplated would impair the confidence and sense of security which
it was important to foster in the industry, the wording of paragraph 3 was too inflexible. It would be preferable to substitute a statement on the lines that the decision on the basic network brought to an end the phase of drastic reductions under the Act of 1962. The Minister of Transport in consultation with the Secretary of State for Economic Affairs and the Chief Secretary, Treasury, should give further consideration to the drafting of this passage.

(b) Paragraph 5 stated that the Joint Steering Group had submitted their main report in July 1967 and that the full text, which incorporated an interim report, was being published as an annex to the White Paper. This, however, was inaccurate since what it was now proposed to publish was a revised version of the July Report. The present Report incorporated only minor changes from the July Report which were entirely the work of the Joint Group themselves. Nevertheless, it was essential to avoid any possible suggestion that the Government had for its own ends suppressed an earlier report. Therefore the present Report should not be dated July, which was incorrect, but should bear the date on which the Group had approved the modifications to their July Report, and if necessary the Chairman of the Group should be asked to sign a fresh copy bearing the correct date. Paragraph 5 of the draft White Paper should be amended to make it clear that the Group had submitted a first draft of their Report in July and that the Group themselves then revised this draft before submitting their final Report as produced in the Annex to the White Paper.

(c) In paragraph 8 it was perhaps misleading to suggest that it would be the community which consciously decided whether the social benefit to be obtained from the maintenance of a particular service was sufficient to justify the cost of continuing it. It was agreed that line 7 should be redrafted so as to omit the reference to "the community".

(d) Reference should be included in paragraph 8 to the part played by Regional Economic Planning Councils in consultation on closure of railway lines.

(e) It was important to ensure that the Departments concerned with regional policy, including the Scottish and Welsh Offices where their interests were affected, were brought into consultation about possible rail closures at an early stage.

(f) Paragraph 8 should be amended to make it clear that it was open to the Minister of Transport to take the initiative in proposing a grant for unremunerative passenger services as an alternative to closure.

(g) In paragraph 8 after the words "Directorate General of Economic Planning", there should be inserted the words "in the Ministry of Transport".

(h) The word "much" should be omitted from line 2 of paragraph 13.

(i) The figure of £159 million in parentheses in line 19 of paragraph 14 should be omitted.
(j) In paragraph 15, line 4, the word “liabilities” should be substituted for “debt.” The second sentence should end at “Minister” in line 8 and the third sentence should be omitted entirely.

(k) Paragraph 19 should be amended to make clear that although, in general, members of the reorganised Railways Board would not be executively responsible for particular functions, one member would continue as at present to be responsible for industrial relations.

(l) The last two sentences of paragraph 21, referring to the abolition of Regional Railway Boards, would be likely to cause some dismay in the regions. It was pointed out, however, that the present draft made clear that the regions would not cease to exist as management units; it was, moreover, essential to announce the decision to abolish Regional Railway Boards and it would be difficult to tone down paragraph 21 without impairing the powers of the reconstructed Board to conduct a far-reaching review of the management structure. On the other hand the Report of the Joint Steering Group referred to the need for “dispersed management.” It might be possible to improve the presentation by inserting after the reference in the penultimate sentence to the Transport Act, 1962, a passage to the effect that the Regional Railway Boards as such were not necessary to the dispersed management which the report regarded as essential. The remainder of the sentence could then stand, with the insertion of “railway” before “regions” and the deletion of “have to” in the penultimate line.

(m) In paragraph 5.33 of its Report the Joint Steering Group expressed the view that substantial improvements would be required in the level of remuneration both of Board members and of chief officers and they proposed to make recommendations on this matter in a later report. The payment of higher salaries to the senior staff and members of the BRB would have repercussions on the salaries of members of the boards of other nationalised industries which were, in any case, due to be reviewed. Although it was important to take early decisions on BRB salary levels, it was necessary to consider the question of salary increases for members of the boards of nationalised industries as a whole. The best course would be for Treasury Ministers, in consultation with the other Ministers concerned, to put forward proposals covering the whole field for early consideration by Ministers collectively.

The Cabinet then considered the timing of the publication of the White Paper. It was agreed that the balance of advantage lay in publication on Monday, 6th November, either early in the day so that reports would appear in the Press that evening, or late in the day so that reports would appear the following morning.

The Cabinet—

(1) Invited the Minister of Transport—

(i) in consultation as necessary with the Ministers concerned, to revise the draft White Paper on Railway Policy circulated with C(67) 170, taking account of the points made in discussion;

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(ii) to arrange for the final Report of the Joint Steering Group to bear the date on which it was approved by the Group;

(iii) to arrange for the publication of the revised White Paper on Monday, 6th November, at a time to be decided in consultation with the Lord President of the Council;

(iv) to ensure that Departments concerned with regional policy were brought into early consultation on possible rail closures, as proposed in discussion.

(2) Invited the Chief Secretary, Treasury, after consultation with the Secretary of State for Economic Affairs and the Ministers responsible for the nationalised industries, to arrange for proposals on the salaries to be paid in future to members of the Boards of nationalised industries, including the reorganised British Railways Board, to be put forward for consideration by Ministers collectively.

Cabinet Office, S.W.1,
30th October, 1967.