CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 20th June, 1968,
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity (Items 1-4)
The Right Hon. FRED PEAKE, M.P., Lord Privy Seal
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. R. J. GUNTER, M.P., Minister of Power
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Paymaster General
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Lord President of the Council
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. ANTHONY WEDGWOOD BENNET, M.P., Minister of Technology
The Right Hon. RICHARD MARSH, M.P., Minister of Transport (Items 1-4)
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales

The following were also present:
The Right Hon. KENNETH ROBINSON, M.P., Minister of Health (Item 4)
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury

Secretariat:
Sir BURKE TREND
Miss J. J. NUNN
Mr. R. R. D. MCINTOSH
Mr. J. CROCKER
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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Lord Privy Seal said that unless a decision were taken immediately to provide Government time for three Private Members’ Bills—Sunday Entertainment, Caravan Sites and Divorce—they would fail to pass through the House of Commons in the current Session.

In discussion it was urged that there would be criticism of a decision to provide Government time for the further discussion of the Sunday Entertainment Bill, which had failed to attract sufficient support to secure a passage in Private Members’ time. There was, however, support for the view that the passage of all three Bills should be facilitated.

The Paymaster General said that it would be impossible for the House of Lords to consider these Bills without adding a further fortnight to the autumn spillover already proposed, and, in view of the dates already fixed for the Party Conferences, it seemed impossible to do this without a postponement of the opening of the next Session.

The Prime Minister, summing up the discussion, said that the Cabinet were on balance agreed that Government time should be provided for the further consideration in the House of Commons of the Sunday Entertainment, Caravan Sites and Divorce Bills. The Parliamentary Committee should consider how the timetable for the autumn could be arranged so as to enable the House of Lords to consider these Bills also.

The Cabinet—

(1) Invited the Lord Privy Seal to arrange for Government time to be provided in the House of Commons for the further consideration of the Sunday Entertainment, Caravan Sites and Divorce Bills.

(2) Invited the Paymaster General to bring before the Parliamentary Committee the question of extending the autumn sittings of the House of Lords to enable that House to complete consideration of the three Bills.

2. The Prime Minister informed the Cabinet that on the previous day he had had a meeting with the Ministers principally concerned with the reform of the House of Lords to discuss what attitude the Government should now adopt towards reform in view of the rejection by the House of Lords, by a majority of nine, of the Southern Rhodesia (United Nations Sanctions) Order 1968. It had been agreed that the Government should steer a middle course...
between an immediate reaction of a punitive character, which might play into the hands of the Opposition, and acceptance of the view which was currently being propagated by the Conservative Press that the incident was of little significance. The failure of the Opposition manoeuvre did not disguise the fact that it had been deliberately designed to challenge the Government on a major question of foreign policy and to inflict a defeat so decisive as to compel the Government to appeal to the country. The Government could not ignore the possibility that the next challenge might be made on an issue on which they could not rely on the support of Liberal and cross-bench peers, nor could they ignore the sharp reaction among their supporters in the House of Commons. In view, however, of the importance of securing the passage of Bills now before the House of Lords, it would be desirable to give that House an incentive to co-operate with the Government by keeping them in some doubt as to the Government's intentions. He therefore proposed to make a statement in the House of Commons that afternoon that the Government would give effect to their intention to reform the House of Lords by introducing at an early date radical and comprehensive legislation on the lines which they themselves now judged appropriate. He would indicate that the inter-Party consultations could not continue in present circumstances, but leave open the questions whether they would ever be resumed and whether the legislation would deal with the composition of the House of Lords as well as its powers. The Lord Chancellor had arranged to reconvene his Committee of Ministers to consider what form the Government's new proposals should take.

In discussion it was suggested that a measure put forward by the Government would have to be radically different from the agreed proposals in order to meet the strongly held views of their own supporters. It was important to recognise that the crucial issue was the position which the hereditary peerage held in the power structure of the country. There was a risk that if the Government did not act quickly to deprive them of this position the development of Government policies during the remainder of the Parliament would be determined by the fear that certain important measures could be frustrated by the House of Lords. Moreover, the public would be likely to support the elimination of the peerage from the political and social position which they held at present; and the fact that the peers had themselves provoked the present conflict gave the Government an opportunity to achieve a radical solution.

On the other hand, it was urged that the Government should not lose sight of the vital importance of achieving a healthy economy, with which the public at large were more concerned than with reform of the House of Lords. They should therefore do nothing to prejudice the prospect, now paradoxically improved, of securing the passage of important Government Bills in the current Session; nor should they take the risk that, by seeking to impose a radical settlement by the use of the Parliament Act, they would render impossible the achievement of the Government's legislative proposals for the remainder of the Parliament. It would be preferable to devise a Bill which would receive the tacit acquiescence of the Opposition, and it
might be possible, without renewing formal inter-Party consultations, at least to obtain the comments of the other Parties on such a Bill informally.

As to the content of the legislation, it was urged that the agreed proposals, while reducing the powers of the House of Lords, would have increased their influence, and that the opportunity should therefore be taken to revert to a measure dealing with powers alone. On the other hand, it was argued that the defeat of the Government on the Southern Rhodesia Order had illustrated the conclusion to which the Ministerial Committee on the Powers of the House of Lords had already been driven that it was impossible to deal with powers in isolation from composition. The Government's defeat on this occasion had been attributable, not to the powers of the House of Lords, but to the existence of the in-built Conservative majority; and to curtail the powers without removing the majority would risk a repetition of a similar incident in future. The agreed proposals were attractive to a Labour Government precisely because they dealt with the central issue of power. It was true that they also preserved some of the trappings of the existing House of Lords, but the social aspects of the hereditary peerage could be dealt with as a separate issue later.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that he should make a statement on the lines he had proposed, which, while indicating the serious view which the Government took of the situation created by the House of Lords' rejection of the Southern Rhodesia (United Nations Sanctions) Order, and the impossibility of continuing the inter-Party consultations in the present circumstances, would leave open the timing of the Government's own measure and the question whether it would deal with composition as well as powers. He would consult the Lord Chancellor on the precise terms of the statement, which should be made also in the House of Lords. The Cabinet had been divided in their views about the nature of the proposals which the Government themselves should put forward. The Ministerial Committee under the chairmanship of the Lord Chancellor, which he proposed to reconstitute with a membership reflecting the variety of view within the Cabinet, should examine the question urgently with the considerations advanced in their discussion in mind; and any Minister who wished to put proposals forward should communicate them to the Lord Chancellor. The Committee's recommendations should be brought before the Cabinet as soon as possible.

The Cabinet—

(i) Took note that the Prime Minister—

(ii) in consultation with the Lord Chancellor, would prepare a statement on the lines which he had proposed;

would arrange for a Committee of Ministers under the chairmanship of the Lord Chancellor to be constituted immediately to consider what proposals the Government might put forward for the reform of the House of Lords.

SECRET
(2) Agreed to resume their discussion in the light of recommendations from the Lord Chancellor's Committee.

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3. The Foreign Secretary said that he had paid a useful visit to Yugoslavia from 5th to 10th June. The views of the Yugoslav Government on the problem of East-West relations were similar to our own and they were not at present thinking in terms of an immediate conference on European security. President Tito had expressed special interest in the Middle East and support for the efforts of Mr. Gunnar Jarring, the Special Representative of the Secretary-General of the United Nations, to promote agreement. He hoped it might be possible for the two sides to agree on a timetable for the steps towards a settlement; and he had been unexpectedly optimistic about what the Arab States might be prepared to accept. The Foreign Secretary's talks with the President had been greatly eased by the helpful attitude of the Yugoslav authorities in the case of Mr. Philip Dobson, the British student who had been sentenced to 6 years' imprisonment by a Yugoslav court. He had seen the Yugoslav Minister of Economics, who seemed to be facing economic problems similar to our own. He had also talked to British engineers at Skopje.

The Foreign Secretary said that the East German authorities had now taken further measures to harass West Berlin. Their aim was clearly to achieve step by step a position where the statehood of East Germany was generally recognised; and to frustrate the West German policy of getting on terms with Eastern Europe. The Western Allies had decided to take certain limited counter-measures such as charges for travel documents and the withdrawal of some concessions to East Germans. The Minister of State for Foreign Affairs, Lord Chalfont, had protested to the Soviet Ambassador in London about the East German restrictions; and he himself would be having further discussion on the subject with the United States Secretary of State, the German Foreign Minister and other colleagues in the course of the forthcoming North Atlantic Council meeting at Reykjavik.

The Foreign Secretary said that there was a possibility that the treaty on the non-proliferation of nuclear weapons, as commended by the General Assembly of the United Nations in its Resolution of 12th June, would be open for signature in London, Washington and Moscow at an early date, perhaps 1st July.

The Foreign Secretary said that the Federal Military Government had achieved an overwhelming military advantage. The problem was to ensure that brutal use was not made of it. The Federal Government had already said that they had no intention of moving into the Ibo heartland. The Minister of State for Commonwealth Affairs, Lord Shepherd, had left for Lagos the previous day carrying a letter from the Prime Minister to the Head of the Federal Military Government, General Gowon, urging on him, as the Prime Minister...
Minister and he had done in a recent conversation with Chief Enahoro, representing the Federal Government, the importance of agreeing to a cease-fire, of maintaining firm military discipline and of facilitating better food supplies to the beleaguered areas. The Prime Minister and the Ministers directly concerned had also agreed that an announcement should shortly be made of our readiness to contribute to a Commonwealth force. Our contribution would be limited to one battalion for a period of six months and would be conditional on a force being accepted by both the Federal Government and the Biafran authorities, and on the participation of other Commonwealth countries. The essential function of such a force would be to give the Biafrans the reassurance without which they were unlikely to agree to a cease-fire. It had also been agreed that we should contribute £250,000 for relief purposes in Biafra; and a representative of the Prime Minister would shortly go to Nigeria to discuss relief problems.

In discussion attention was drawn to the growing pressure, both in and outside Parliament, for the Government to stop supplying arms to the Federal Government. In a recent debate in the House of Commons the Foreign Secretary had undertaken to reconsider our policy if the Federal Government were to take brutal advantage of the military situation; and for the moment this seemed to have allayed Parliamentary anxiety. It was also noted that public sympathy for Biafra was widespread in the country. It was particularly strong among religious groups; but it had also been stimulated by the skilful public relations of the Biafran authorities.

The Cabinet—

Took note of the statements by the Foreign Secretary.

4. The Cabinet considered a memorandum by the Lord Privy Seal (C (68) 81) on the legislative programme for 1968–69.

*The Lord Privy Seal* said that the programme of legislation annexed to his memorandum had originally been constructed on the assumption that there would be 55 days available for Government legislation during the Session, of which the two constitutional Bills—House of Lords and Representation of the People—would take 12. Given the large number of Bills left over from the present Session, this left little room for new legislation; and allowance had to be made for the possibility that it might be desired to introduce an *Industrial Relations Bill* of medium length in the spring to implement some of the recommendations of the Royal Commission on Trades Unions and Employers’ Organisations. The Parliamentary Committee had asked him to consider what additional time would be available for legislation if the Finance Bill were sent upstairs, the Christmas and Whitsun recesses were each shortened by a week and there were a two-week overspill in the autumn; he had set out the results in the memorandum. Any saving from sending the Finance Bill upstairs would be both
speculative and small and he had thought it better not to take account of this. Moreover, it would in his view be a mistake to plan the programme on the assumption that the recesses would be cut to the minimum; this would leave no margin for contingencies and would invite a recurrence of this Session's difficulties. They must keep the maximum room for manoeuvre as regards both the coming Session and that of 1969–70.

In discussion there was support for the view that it would be unwise to plan the legislative programme on the basis of short recesses. It was suggested, however, that the strain on Members could be reduced by having more but shorter terms, which might incidentally yield more Parliamentary time in total. If the House rose early in July, as the Select Committee on Procedure seemed likely to recommend, it might be possible to fit in an additional short term before the Party conferences, or alternatively the conferences might be moved to the Whitsun recess. There was a special problem in that the timetables for the two Houses did not match; and there might be advantage if under revised arrangements they sat for different periods, though both would have to be sitting when Royal Assent was given to Bills. For the present, however, the planning of the legislative programme must proceed on the basis of the system as it was. As regards the Finance Bill it was doubtful whether much Parliamentary time had been saved by taking the Committee Stage upstairs, because of the increased allowance which had had to be made for the Recommittal and Report stages. A better solution might be to take the more controversial provisions on the floor and the less controversial upstairs, but this could not be decided yet, and in the meantime it would be prudent to assume that no additional time would be made available in this way.

In further discussion the view was expressed that the proposed programme gave too much time to political measures and too little to economic. Time might be saved by a greater use of omnibus Bills dealing with a range of changes in the law and of enabling Bills authorising the Government to act by means of subordinate legislation. The number of the debates on the Estimates, particularly the Defence Estimates, might be reduced and the debate on The Queen's Speech at the Opening of the Session could be curtailed to four days. Legislation should be planned in terms of a whole Parliament instead of Session by Session. This had been attempted but it was difficult to obtain agreement on the spacing of legislation over five years.

In discussion of the specific proposals in the draft programme the following points were made—

(a) Difficulties would result if Tourism were not passed by 1969–70 because an undertaking had been given that payments would be made in respect of works carried out after the spring of 1968. It might be possible, however, to reduce the length of the Bill.

(b) Air Corporations was needed to authorise payments to the corporations in respect of aircraft they had bought.
(c) Failure to legislate on Merchant Shipping would be damaging to industrial relations; the Bill was economically important and was an integral part of the settlement recommended by the Court of Inquiry set up after the seamen's strike. On the other hand, it would be a long Bill and could not be drafted before the end of March: if it were held back it might be possible to legislate at the same time on trawler safety. An acceptable solution might be to introduce it towards the end of the Session as an earnest of the Government's intention of passing it early in the 1969-70 Session.

(d) Ports was urgently needed for both political and economic reasons; the present uncertainty was extremely damaging and there was pressure from many quarters, including trade unions, employers' organisations and economic planning councils, for clarification of the Government's intentions. Agreement had been reached on the policy which the Bill should embody, apart from certain minor points, and it should be possible to introduce it before Christmas if the non-statutory undertakings were excluded, and by February if they were included. A possible alternative was to publish a White Paper which would commit the Government to legislation early in the 1969-70 Session; but this would not remove uncertainty because it would be apparent that a General Election might supervene before the besting date. It did not, however, appear practicable to find the necessary time for this Bill unless either Vehicle and Drivers' Licensing or Transport in London were dropped; but they had already been deferred from 1967-68, and unlike Ports, would produce a saving in Government expenditure. In the circumstances the best course might be to publish a White Paper and to consider later whether there would be advantage in introducing a Bill towards the end of the session with a view to passing it in 1969-70.

(e) It was important that Gas should be included, since the restructuring of the industry was necessary to enable the supply of North Sea gas to be fully exploited. Delay would adversely affect the morale of the industry. Drafting instructions could be given at once.

(f) Mines and Quarries ought to be included, either in the Main Programme or in the Second Reading Committee list, in view of the strong interest in Wales. It was not suitable for a Private Member.

(g) Cigarette Advertising was desirable to fulfil the firm commitment given in 1967 to legislate in default of agreement by the industry. Unless there were a firm prospect of legislation by 1969-70 the industry would have to be told that the Government had abandoned their intention to legislate. But, subject to further consideration of policy by the Home Affairs Committee, it might be possible to find a Private Member to sponsor the Bill.

(h) Three of the Bills in the Contingent List—Tanzania, British North America Act, and British Honduras—were likely to become essential.

The Prime Minister, summing up the discussion, said that the Cabinet considered that the question of the length and number of
recesses should be examined in the light of the report of the Select Committee on Procedure. The Ministerial Committee on Parliamentary Procedure should consider the report and also the suggestions that had been made in discussion for saving Parliamentary time. Subject to this, the Cabinet approved Lists A1 and A2, B(i), the Scottish List and the Second Reading Committee List appended to C (68) 81, on the understanding that Second Reading Committee Bills would not take priority over Main Programme Bills and would be introduced on a “first come first served” basis. They agreed that time should be found for *Industrial Relations* if it were later decided that it was desirable to introduce a Bill in 1968–69, and for *Tourism*. Other Bills in List B(ii) should be introduced if time were available. *Mines and Quarries* should be introduced in 1968–69 through the Second Reading Committee procedure. The Minister of Transport should complete his consultation with colleagues on the proposals to be embodied in *Ports* and should submit to the Cabinet a draft White Paper in the light of which they could consider whether a Bill should be drafted for introduction late in the Session with a view to its passage in 1969–70. *Merchant Shipping* should similarly be prepared for introduction towards the end of the Session. The Home Affairs Committee should consider further the policy on *Cigarette Advertising* and, in particular, whether a Bill should be prepared for a Private Member, and should report their conclusions to the Cabinet.

Since it was clear that the programme for the 1968–69 Session would be heavy, it was the more important to avoid unnecessary congestion during the summer by ensuring that major Bills were ready at the beginning of the Session. Bills that were not ready for introduction at the time specified by the Lord Privy Seal would therefore be dropped from the programme unless Ministers collectively agreed that a special exception should be made. Ministers in charge of Bills should be careful to avoid making major amendments involving changes of policy while the Bills were before Parliament.

The Cabinet—

(1) Approved the legislative programme appended to C (68) 81, subject to the modifications indicated in the Prime Minister’s summing up.

(2) Invited the Lord Privy Seal to arrange for the Ministerial Committee on Parliamentary Procedure to consider in due course recommendations of the Select Committee on Procedure about the length and number of recesses, and the proposals made in the discussion for saving Parliamentary time.

(3) Invited the Minister of Transport to submit a draft White Paper on the reorganisation of the Ports to the Cabinet when outstanding questions of policy had been settled.

(4) Invited the Lord Chancellor to arrange for the Home Affairs Committee to give further consideration to the question of legislation on cigarette advertising and to report their conclusions to the Cabinet.
5. The Cabinet had before them a note by the Prime Minister (C (68) 79) to which were attached the report of the Committee on the Civil Service (the Fulton Committee) and a memorandum by the Official Head of the Home Civil Service.

The Prime Minister said that reform of the Civil Service was an essential element in the Government's programme for modernising our principal institutions. The Fulton report was an important document and, in his view, a very good one; and the Government would be pressed, as soon as it was published, to declare their attitude to its main recommendations. He proposed that he should announce, on the day of publication, the Government's general acceptance of the report and in particular the proposals for a Civil Service Department, a Civil Service College and a unified grading structure. Their acceptance should, however, be qualified by a reference to the financial and staffing implications. The cost of implementing the report in full would be considerable, even though the additional expenditure arising from the proposals on pay and pensions would build up gradually over a number of years. He would therefore make it clear that, while the Government accepted in principle the Committee's recommendations on the structure of the Service, they were not committed to any precise timetable for implementation. On staffing, Ministers had decided in January that there should be no increase this year but it now appeared likely that despite reductions in a number of Departments there would be a net increase of 1,000 by April 1969. The new Civil Service Department would therefore have to build up slowly and it must take as its first remit the task of securing savings in other fields sufficient to provide the staff required for its own operation. Plans were also being worked out—and could be announced shortly after the publication of the Fulton report—for a thorough examination of the use of manpower throughout the Service and ways in which economies could be secured. The Paymaster General would be responsible, under general direction from himself, for the work of the Civil Service Department and the implementation of the Fulton report.

In discussion there was general support for the principle of the three main recommendations in the report: but it was strongly argued that the Government should not at this stage give any undertakings about their early implementation. The creation of the new Civil Service Department and the associated management changes would cost £1 million in 1968-69, £5 million in 1969-70 and over £11 million thereafter. It would be hard to justify a commitment to additional expenditure of this order at a time when public expenditure in other fields was being severely curtailed. Moreover, the creation of the Civil Service Department would involve over 400 additional staff—mostly highly qualified—this year, rising to at least 3,000 in 1971-72. It was, however, impossible to say at this stage whether the new

* Previously recorded as a Confidential Annex.
Department's work would lead to offsetting reductions in the number of civil servants as a whole; and to add to the staff of the Civil Service in this way without being able to show that it would result in greater economy in the long run would attract severe public criticism. There would be wide support for the Fulton Committee's suggestion that there should be a comprehensive review of the machinery of government, without which substantial reductions in manpower were most improbable. The presentation of the report would in any case need to be handled with great care if unnecessary damage to the morale of the Service was to be avoided. The criticisms in Chapter I of the report, which though not without foundation were oversimplified and lacking in balance, were likely to receive undue publicity when the report was published. The Government should therefore allow time for more considered public discussion of the report before committing themselves to action on its recommendations.

On the other hand it was argued that the report contained a series of positive proposals which would be welcomed by informed opinion, including many members of the Service, and could do much to improve standards of administration and economic management. In particular, the proposal to replace the traditional Civil Service classes by a unified grading structure was a radical measure of far-reaching importance and the Government should make it clear on publication that they accepted it.

The Prime Minister, summing up the discussion, said that the Cabinet needed more time to consider the handling of the Fulton report. In the meantime it was important to maintain strict security on the matter.

The Cabinet—

Agreed to resume the discussion at their next meeting.

Cabinet Office, S.W.1,
20th June, 1968.