CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Tuesday, 9th July, 1968,
at 10 a.m.

Present:
The Right Hon. Harold Wilson, M.P., Prime Minister
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. James Callaghan, M.P., Secretary of State for the Home Department (Item 1)
The Right Hon. Fred Peart, M.P., Lord Privy Seal
The Right Hon. Anthony Crosland, M.P., President of the Board of Trade
The Right Hon. George Thomson, M.P., Secretary of State for Commonwealth Affairs
The Right Hon. Richard Marsh, M.P., Minister of Transport
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 Silk, M.P., Parliamentary Secretary, Treasury

Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Mr. K. Barnes
Mr. J. Crocker
Mr. P. E. H. Standish
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1. The Cabinet considered a memorandum by the Home Secretary (C (68) 85) to which was attached a draft White Paper on the review of the law governing Parliamentary elections.

The Home Secretary recalled that at their meeting on 30th May the Cabinet had approved the recommendations of the Sub-Committee on Electoral Reform which, under the chairmanship of the Lord President, had considered the report of the Speaker’s Conference on Electoral Law. The White Paper summarised the Government’s conclusions on the major issues raised in the report but did not attempt to argue in detail the merits of each conclusion. The White Paper would also publish for the first time the recommendations of his Electoral Advisory Conference, dealing with details of administration and procedure, and would say that the Government accepted those recommendations with certain minor exceptions.

The White Paper left open the question of the administrative arrangements necessary to permit the use of party labels on ballot papers. These were now being worked out by the Sub-Committee on Electoral Reform and would have to be discussed with the Opposition parties. The Opposition would also be approached about changes in the arrangements for local government elections which would be effected in the Representation of the People Bill but would not appear in the White Paper. They were non-controversial apart from a proposal to abolish the right, enjoyed by only a few people, to vote and to stand for election in areas where they did not live but where they owned land or occupied rateable premises.

The Parliamentary Committee, in considering the draft White Paper, had suggested that the proposal to increase candidates’ deposits from £150 to £250 should be reviewed. At £250 the deposit would not be enough either to conform with the change in the value of money since the amount was fixed in 1918 or to deter frivolous candidates; and it might prove to be a controversial proposal which offered little practical advantage.

In discussion it was agreed that a comparatively small change in the amount of candidates’ deposits would have little effect, and the increase would be seen in some quarters as an attempt by the large parties to put obstacles in the way of independent candidates. In the absence of any compelling reason to the contrary, the recommendation of the Speaker’s Conference that the amount of deposit should be left at £150 should be accepted.

In further discussion of procedure it was agreed that the White Paper should be published before Parliament rose for the summer recess and that a statement should be made at the time of publication that there would be a debate in the House of Commons immediately after the recess. That would allow a suitable interval before the second reading of the Representation of the People Bill.
The Cabinet—

(1) Agreed to accept the recommendation of the Speaker’s Conference that the amount of a candidate’s deposit should remain at £150.

(2) Invited the Home Secretary to arrange for the White Paper on Electoral Reform to be published before the summer recess and, in consultation with the Lord Privy Seal, to announce it in a statement indicating that there would be a debate when the House resumed.

CONFIDENTIAL

2. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Paymaster General reported that the House of Lords were making good progress with Government business. He proposed that they should rise on 1st August, but it would remain impossible to find time to pass the Divorce Bill unless the Session were prolonged for at least a week after 25th October. The Race Relations, Gaming and Medicines Bills were likely to receive their Third Reading before 1st August, but, since the House of Commons would not by then be sitting, they could not be given Royal Assent unless it were thought desirable to recall the House of Commons for a short formal sitting for this purpose.

In discussion it was suggested that the Bills in question should be examined to see whether there was need for them to operate before the resumed sittings in October: if so, the possibility of recalling the House of Commons for a formal sitting confined to the notification of Royal Assent should be further examined.

The Cabinet—

Invited the Lord Privy Seal and the Paymaster General to consider, in consultation with the Ministers concerned, what Bills would receive Third Reading in the House of Lords in the week after the adjournment of the House of Commons and whether there would be advantage in arranging a formal sitting of the House of Commons so that they could receive Royal Assent at once.

SECRET

3. The First Secretary of State said that the standstill imposed on the increase of £1 a week which had been agreed in December 1967 for the municipal bus industry would lapse on 26th July unless she gave notice, as soon as the Prices and Incomes Bill received the Royal Assent, of her intention to extend it for a further five months. It was now expected that the Bill would receive Royal Assent on the following day. In order to extend the standstill, it would be necessary to give notice in the Official Gazette on 10th or 11th July.
She had discussed with both sides of the National Joint Industrial Council (NJIC) for the road passenger transport industry both the standstill on the agreement of December 1967 and an agreement concluded by the NJIC in June 1968 for a bonus of 10s. a week for acceptance of the principle of one-man operation of buses. The employers maintained that the two agreements should be taken together and that the increase of £1 a week should include the 10s. bonus for one-man operation. The trade unions argued that the agreements were separate and that the 10s. bonus should be in addition to the £1 increase; this interpretation seemed to be more in line with the recommendations of Report No. 63 by the National Board for Prices and Incomes. However, she had discussed the situation with the Ministers mainly concerned, and they were agreed that no offer beyond the £1 a week should be countenanced, in view of the repercussions on incomes policy generally and in particular on the proposed agreement for an increase of £1 a week for London busmen which, unlike the proposed settlement for the municipal busmen, was linked with productivity concessions by the unions; this agreement was to be submitted to a union delegate conference on 15th July.

The Government had deliberately refrained from taking a power to prevent retrospective payment of an increase following the expiry of a standstill. If the unions were to secure retrospective payment of the 30s. increase which they claimed on the expiry of an extended standstill at the end of 1968, the resulting percentage increase in basic pay would be substantially greater than if they secured a £1 increase paid immediately with retrospective effect. A few local authorities had committed themselves to make retrospective payments on the expiry of the standstill; but the main body of the employers took the view that if the standstill, which had already lasted for seven months, were prolonged for a further five months, they would not be able to afford retrospective payment at the end of such a long period.

In these circumstances, it was essential to give notice to extend the standstill. However, if it were so extended and no other action was taken, there was a serious risk of strike action by the busmen, despite the desire of the unions to avoid a confrontation with the Government. This would raise difficult issues as regards the application of penal sanctions under the prices and incomes legislation. It would also give rise to renewed controversy in Parliament when the Order extending the standstill came to be debated, as it would be, at the end of the Parliamentary session in October.

The right course therefore was for both the Government and the employers to make statements at the time notice was given to extend the standstill, indicating that the employers had offered, with the Government's approval, an immediate increase of 10s. a week on basic rates, linked to undertakings by the unions to begin discussions on productivity guidelines and the introduction of a tiered wages structure, together with a 10s. bonus for acceptance of
one-man bus operation; that if the unions were prepared to accept this offer, the standstill would be revoked; but that if they were not, the employers would not be prepared to concede retrospective increases on the expiry of the extended standstill. This would in effect constitute an appeal to the busmen over the heads of their unions, and there was some prospect that it might succeed. The 10s. increase in basic rates could be justified primarily on the ground that the busmen had already suffered a standstill lasting seven months, and it was wrong that this should now be prolonged under new powers which were not in existence when the relevant settlements were reached.

In discussion it was argued that it would be preferable to extend the standstill without any further attempt to secure agreement to an increase of £1 a week. The proposed increase on basic rates could not be justified under the criteria of the incomes policy. If the standstill were extended, the latest reactions from the employers showed that there was little risk of full retrospective payments on its expiry. On the other hand, it was argued that to adopt this course would increase the risk of strikes and raise acutely the question of using penal sanctions. The provision in the Prices and Incomes Bill which made it possible to extend the standstill on the busmen's increase had been strongly criticised in Parliament on the ground that it unfairly singled out these workers; the Government had countered this by saying they would do their best before the existing standstill expired to secure an acceptable settlement which would remove the necessity to extend it; and it would be essential for the Government to be able to demonstrate that they had done this by making public their endorsement of the offer of the £1 a week increase.

It was further argued that it would give an appearance of indecision for the Government to give notice to extend the standstill, and subsequently to revoke it. It would be preferable to make a final attempt to secure the agreement of the unions to the £1 a week increase, and if this failed to extend the standstill unequivocally. It was pointed out, however, that there was insufficient time to follow this course if the extending Order were to come into effect before the expiry of the existing standstill.

It was pointed out that if a statement about the offer of a £1 a week increase were published before 15th July, this would prejudice the chances of acceptance of the agreement for London busmen at the union delegate conference on that day. It would therefore be preferable to defer any such statement until after 15th July, but to make it clear in guidance to the Press when the notice to extend the standstill was published that discussions with the parties on a possible settlement which would conform with incomes policy were still going on, and that the Government would be prepared not to proceed with the extension if such a settlement could be reached.

In further discussion the following points were made:

(a) It would be of crucial importance, from the point of view both of opinion overseas and of the internal management of the
economy, to administer the incomes policy firmly over the next few months. There was some danger that the recent settlement on the railways might be taken as a sign that the policy was beginning to weaken. It would be helpful if Ministers could in the near future have a full discussion of the strategy to be followed on prices and incomes policy during the coming months, in order to assess the major contingencies likely to arise and the best means of dealing with them.

(b) Ministers and selected backbenchers on the Government side should be given briefing material covering the recent settlements on the railways and at the Ford Motor Company, together with the negotiations on busmen’s pay, to help them in dealing with public criticism of incomes policy.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that notice should be given to extend the standstill on busmen’s pay. They authorised the First Secretary of State to issue a statement describing the offer of a £1 a week increase, including a 10s. bonus for acceptance of one-man bus operation, which had been made to the unions, and making clear that the Government would be ready to lift the standstill if this offer were accepted. She should encourage the employers to issue a statement making clear that they would not be prepared to pay increases retrospectively on the expiry of an extended standstill. However, in order to avoid repercussions on the settlement for the London busmen, no public reference to the offer to the municipal busmen should be made until after Monday, 15th July; but the Press should be briefed, when the notice to extend the standstill was published, to the effect that discussions with the parties were still going on with the object of reaching a settlement acceptable under the incomes policy and so enabling the standstill to be withdrawn. The Prices and Incomes Committee should at an early date consider the strategy for incomes policy over the coming months and their conclusions should be reported to the Parliamentary Committee, in view of the Parliamentary implications, and subsequently to the Cabinet. Briefing material on recent wage settlements and on busmen’s pay should be made available to Ministers and to selected Government backbenchers.

The Cabinet—

(1) Invited the First Secretary of State—

(i) to proceed with the extension of the standstill on the pay of municipal busmen and to take accompanying action as indicated in the Prime Minister’s summing up;

(ii) in consultation with the Lord President, to arrange for briefing material on recent wage settlements to be made available to Ministers and selected Government backbenchers.
(2) Invited the Chancellor of the Exchequer to arrange for the
Ministerial Committee on Prices and Incomes to
consider future strategy on incomes policy, and to report
their conclusions to the Parliamentary Committee and
subsequently to the Cabinet.

CONFIDENTIAL

4. The Cabinet had before them a memorandum by the
Minister of Health (C(68) 82) covering a draft Green Paper on the
administrative structure of the medical and related services in
England and Wales.

The Minister of Health said that the proposals in the Green
Paper for possible changes in the present tripartite structure of the
Health Service were tentative: the object of publishing them was
to provide a basis for consultation and public discussion in order
that the problem of organising the Health Service might be seen in
the context of the proposals expected later in the year from the Royal
Commission on Local Government in England (the Redcliffe-Maud
Commission); and the Foreword emphasised that no decisions would
be taken until this process had been completed. He proposed to
publish the Green Paper at the same time as the publication of the
Report of the Interdepartmental Committee on Local Government
and Allied Personal Social Services (the Seebohm Report) and to
announce the publication by means of a Written Answer, but not
to make a statement upon it.

The Lord President said that the Social Services Committee had
considered a draft of the Green Paper, and had examined in
particular how far the Government would be committed by its
publication and whether the Green Paper should leave open the
possibility of bringing the Health Service within the structure of local
government. They had concluded that it would not be inappropriate
for the Green Paper to express the personal views of the responsible
Minister about the reorganisation of the service, provided that it
did not exclude other possible solutions.

In discussion there was general agreement that the Green Paper
offered a valuable means of opening the subject to public discussion,
and that it was not necessary in advance of consultation and of
consideration of the Redcliffe-Maud Report for the Government to
take any decisions or to be committed to any particular view about
the future of the service. At a later stage it would be necessary
to balance the desirability of devolution to local bodies against the
need for centralised control of a service responsible for a major
block of public expenditure. In the meantime, however, it
was important not to put forward proposals—such as those in
paragraph 59 of the draft on the possible composition of Area Boards
and the place of local authorities in the new structure—on which
those concerned might be encouraged to insist in subsequent
discussion. Paragraph 59 went too far in proposing that a
considerable proportion of the members of Area Boards should be
nominees of local authorities, who in this context would represent the consumer and have no responsibility for financing the service. The composition of the Boards would have to take account of the demand among the Government's own supporters for some democratic element in the control of the service; but it must also command the support of the medical profession. It might be desirable to include persons possessing managerial skills and representatives of nursing and other staff. The Boards would, however, be responsible for policy rather than day-to-day management, which would be undertaken by people with appropriate training in management who were now being recruited.

In further discussion it was suggested that, in order to avoid creating expectation of a particular composition of the Boards while leaving these various possibilities open, paragraph 59 should be redrafted on the following lines:

In general it would be desirable to provide for flexibility in the size and composition of the membership of Boards, and room should be left for evolution. In order to bring direct experience of the practical problems of the services and to assist with the task of remodelling patterns of care, some members with broad professional knowledge of medical and related services would be needed, though it would not be desirable for these to be nominated to represent special interests. In areas containing medical schools the Minister might appoint on the nomination of universities one or two additional members. In addition, it would be important to make arrangements to ensure that appropriate account was taken of the interests of local authorities. It is for consideration how this could best be done, and this is a matter on which comment would be particularly valuable.

Paragraph (v) of the foreword should also be amended to draw attention to the financial difficulties in the way of bringing the service within the local authority structure. For the third sentence of the paragraph there should be substituted:

It would not be appropriate to try to anticipate, in detailed discussion in this Green Paper, the effect of changes which might result from the Royal Commission's Report. But it must be recognised that a unified administration of health services under local authorities would raise major issues in relation to financing the integrated services, and one should certainly bear in mind the acknowledged difficulties of increasing local revenues and the problem of reconciling the continuing independence of local government with continuing and increased support from the Exchequer; such issues would call for extensive further consideration.

In the fourth sentence of the paragraph the words "including members of the local authorities nominated by them" should be omitted.
The Prime Minister, summing up the discussion, said that the Cabinet agreed that the Green Paper should be published, with the amendments which had been agreed, as a contribution to the democratic discussion of the future structure of the medical and related services in England and Wales. The paper would not commit the Government to any particular solution, and indeed the Cabinet could not properly reach any conclusions in advance of the discussion and consultation on the Green Paper and of their consideration of the Reports of the Redcliffe-Maud Commission and the Seebohm Committee. The Paper should be published at the same time as the Report of the Seebohm Committee in the week before the Parliamentary recess and announced in a Written Answer but without any formal statement on behalf of the Government. It would be appropriate for the Minister to explain the nature of the Green Paper to the Lobby on the date of publication.

The Cabinet—

1. Approved, subject to the amendments agreed in their discussion and to any consequential amendments, the draft Green Paper appended to C (68) 82.

2. Invited the Minister of Health to arrange for the publication of the Green Paper on the lines indicated in the Prime Minister’s summing up.

Cabinet Office, S.W.1,
9th July, 1968.