CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1., on Thursday 4 September, 1969, at 3 p.m.

Present:

The Right Hon. Harold Wilson, M.P., Prime Minister
The Right Hon. Michael Stewart, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Richard Crossman, M.P., Secretary of State for Social Services
The Right Hon. James Callaghan, M.P., Secretary of State for the Home Department
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. Edward Short, M.P., Secretary of State for Education and Science
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 Right Hon. Roy Jenkins, M.P., Chancellor of the Exchequer
The Right Hon. Barbara Castle, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. Fred Peart, M.P., Lord President of the Council
The Right Hon. Anthony Crosland, M.P., President of the Board of Trade
The Right Hon. George Thomson, M.P., Minister without Portfolio
The Right Hon. Anthony Wedgwood Benn, M.P., Minister of Technology
The Right Hon. Anthony Greenwood, M.P., Minister of Housing and Local Government
The Right Hon. Lord Shackleton, Lord Privy Seal
The Right Hon. Roy Mason, M.P., Minister of Power
The Right Hon. Judith Hart, M.P., Paymaster General
The following were also present:
The Right Hon. Robert Mellish, M.P. Mr. Roy Hattersley, M.P. Minister Parliamentary Secretary, Treasury of Defence for Administration
The Right Hon. Sir Elwyn Jones, Q.C., M.P., Attorney-General (Items 1 and 2)

Secretariat

Sir Burke Trend
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. E. Thornton
Mr. J. C. W. Bushell

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The Foreign and Commonwealth Secretary said that the new Revolutionary Council in Libya (RCC) now seemed to be in control of the country, including the town of Tobruk where it had at one time looked as though there might be some pro-royalist resistance. There had been no hostile demonstrations against the United Kingdom or British subjects. The RCC had stated that they would honour Libya's international obligations and had addressed a warm message of friendship to the British Government. On the other hand, they had closed ports and airports. This presented a problem for us at El Adem, where it was our intention to maintain routine flights. There had been no interruption in the flow of oil and none was expected.

The Foreign and Commonwealth Secretary said that it was important to be on good terms with whatever Government controlled Libya. BP and Shell had an investment in the country of about £100 million and our exports to Libya were running at an annual rate of £34 million. Meanwhile he had received a visit from Omar Shelhi, the personal emissary of King Idris, who had urged that we should intervene in Libya to save lives and property and to restore the King. This was not a proposition that we need consider seriously; the visit had however aroused some criticism in Libya. It had been explained to the RCC that the interview had taken place at Shelhi's request and it was hoped that criticism would now die down. It was not to be excluded that the King might still have some part to play. His presence might be required to hold the disparate parts of the country together. Consideration was now being given to the possibility that Sir Duncan Gumming, a former Governor of Cyrenaica, might be sent to visit the King in Athens, provided that this could be achieved with complete secrecy. As regards recognition, the RCC appeared to be reaching one of the criteria which we considered necessary, namely, effective control of the country. All the evidence was that they were likely to remain in control, and our diplomatic mission on the spot was strongly in favour of recognition. On the other hand, the name of only one member of the RCC was known to us, Colonel Abu Shuwayrib, and he might well prove to be only a figurehead. It was difficult to extend recognition to a Government without knowing how it was made up and whether, for example, it would be a military régime. HM Chargé d'Affaires was being instructed to make a friendly approach to the régime, telling them about our criteria for recognition and asking them to let us have information about themselves, the nature of their Government and their policies. If the answers were satisfactory, we might accord recognition over the weekend. Apart from the political and economic considerations involved the matter was of some urgency for us, since our new Ambassador, whose agreement had been granted by the previous Government, was waiting to proceed to his post. His doing so would of course in itself constitute recognition. We were in touch with the Americans and the other members of the Western European Union about the question of recognition. It was likely that the Americans, while not disagreeing with us, would be inclined to go more slowly.
The possibility of a coup d'état in Libya had always been on the cards—the King was now 80 and it was difficult to suppose that the régime created by him would continue after his death. But there had been nothing to indicate that it would occur at this particular moment.

The Minister without Portfolio said that he had just returned from a visit to the President of the United Arab Republic (UAR), Colonel Nasser, who appeared to have been taken by surprise. This was perhaps borne out by his remark that the Egyptians had sought to check on the success of the coup by monitoring Libyan police and army communications networks rather than by sending emissaries to the RCC. As regards the Arab-Israel question generally, he had come away with the impression that the President had a realistic appreciation of the risk that the UAR would suffer a second military humiliation if the present situation was allowed to escalate to full-scale fighting.

In the course of a brief discussion it was noted that an early decision would be required about certain heavy arms, including Chieftain tanks, which we were due to deliver to Libya shortly. It was also noted that if our troops at present in Libya had to be withdrawn, they could be rehoused in Germany.

The Cabinet—
(1) Took note of the statements by the Foreign and Commonwealth Secretary and the Minister without Portfolio.
(2) Agreed that the question of arms deliveries to Libya should be further considered in the Defence and Oversea Policy Committee.

The Foreign and Commonwealth Secretary said that the Soviet grip on Czechoslovakia appeared to be tightening and that the position of Dubcek was increasingly precarious. A number of British subjects had been in trouble with the Czechoslovak authorities at the time of the anniversary disturbances but only one had been detained. We were seeking consular access to him.

The Cabinet—
(3) Took note of the statement by the Foreign and Commonwealth Secretary.

The Minister of Technology said that he had just been informed that the contract for the engines for the Multi-Role Combat aircraft had been awarded to Rolls-Royce. The news would not be made public until midnight on 4 September in order to give the Germans time to inform the United States Government since an American firm (Pratt and Whitney) had also tendered for this contract.

The Cabinet—
(4) Took note of the statement by the Minister of Technology.

CONFIDENTIAL
2. The Cabinet discussed the situation in Northern Ireland; the conclusions reached were separately recorded and circulated only to The Queen, the Prime Minister and those Ministers who had to take action.

The conclusions are recorded separately in the standard file held by the Secretary of the Cabinet.

3. The Cabinet considered a memorandum by the First Secretary of State and Secretary of State for Employment and Productivity on equal pay to which was attached a report by officials on the economic and social implications of equal pay for women (C (69) 113).

The First Secretary of State said that of the seven items listed in the chapter on workers’ rights in the 1964 election manifesto equal pay was the only one on which no move had yet been made. In June 1968 she had told the House of Commons that she would be entering into discussions with the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) with a view to agreeing a timetable for the phased introduction of equal pay over an appropriate period. As a result of these discussions she had arranged for a survey of the cost of equal pay in a number of industries to be carried out. The results of the survey had now been analysed and formed an important part of the raw material for the report by officials. Pressure for equal pay was mounting steadily and it was clear that trade union leaders could not resist it even if they wanted to. Employers would increasingly be compelled to concede equal pay in the course of normal pay negotiations and the Government now had to decide whether to let equal pay come as a result of sporadic action or as a controlled operation in which the economic disadvantages were minimised.

The cost of introducing equal pay depended on the timing and definition used. She proposed that legislation should be enacted in the next Session under which equal pay would be introduced over a five-year period ending on 31st December, 1975, possibly with provision that the differential between men’s and women’s wages should not exceed a given percentage by the end of 1973. She proposed that the definition used should be “equal pay for the same work”; this was the definition adopted by the European Economic Commission and we should have to use it if we became members of the European Economic Community. On that definition officials had estimated, on a very conservative basis, that there would be an addition to the national wage and salary bill of about 5 per cent. This would imply a cost to the balance of payments of some £350 million; but if as was in her view not improbable the addition to the wage bill were only 3 per cent, the cost to the balance of payments might be less than £200 million. The TUC would clearly not accept that increases resulting from the introduction of equal pay should be accommodated within any norm set for the purposes of incomes policy and there would accordingly need to be a specific
exception for it in any criteria laid down in the White Paper on Prices and Incomes which was to be published later in the year. She would be seeing the TUC in the following week and the CBI shortly afterwards and would have to inform them of the Government's intentions on equal pay. In her view it was no longer possible to stall; they must either fulfil the expectations which had been aroused or say publicly and firmly that they could not go ahead in the present economic situation. She recommended that they should proceed on the lines set out in the paper and that she should be authorised to inform the TUC accordingly next week.

In discussion it was generally agreed that there was a strong case in equity for introducing equal pay and that the Government were committed to make an early move in this direction. It was, however, pointed out that while 5 per cent was probably a realistic estimate of the addition to the wage and salary bill, it was by no means an absolute maximum—much would depend on the rate at which the differential between men's and women's wages was reduced. Moreover, the balance of payments cost would be substantial unless male workers were prepared to moderate their own demands to accommodate substantial increases for women. It was unrealistic to suppose that they would do this and therefore the policy would carry with it a need to increase taxation, reduce the growth of public expenditure and run the economy with a higher level of unemployment than would otherwise be necessary. An early decision to implement equal pay by the end of 1975 would have little effect on the economy in the next 18 months but it would pre-empt substantial resources in the period 1971–75 and would accordingly limit the Government's freedom of manoeuvre in the next Parliament. The effect on the distribution of incomes between families would be considerable and in some cases regressive. The introduction of equal pay would not lead to an increase in national wealth and must therefore be paid for, in one way or another, by a reduction in the rate of increase of real male wages. Experience suggested that the more highly paid male workers would be able to protect their real wages and that the introduction of equal pay would in practice be at the expense of low-paid workers who were already finding it difficult to maintain their standard of living. The introduction of equal pay, however desirable, was not so urgent a social reform as the raising of the wages of the lowly paid. These considerations pointed towards delaying an announcement of the Government's attitude to equal pay and perhaps extending its full implementation over a longer period than the First Secretary had proposed.

As against this it was argued that it would be wrong to assume that in the next two or three years the cost of a phased programme would be much greater than allowing equal pay to be implemented haphazardly in normal pay negotiations and through industrial action. With a five-year programme employers should be able to argue successfully that increases should be phased over this period. Without such a programme they would be under continuous pressure to make large adjustments in women's pay to eliminate discrimination and the evidence indicated that the industries and companies best able
to meet the cost would give way and that others would then be forced to follow suit. While an announcement of early legislation on equal pay would not be particularly popular in the country generally it would be greeted with enthusiasm in the Parliamentary Labour Party and would do much to strengthen the hand of the moderates on the General Council of the TUC. Moreover, the case in equity for introducing equal pay—particularly after the introduction of legislation for a new system of earnings-related pensions later in the year—was overwhelming.

In further discussion it was suggested that, because of the regressive effects of equal pay, its introduction might be linked in some way with a move towards a national minimum wage. This suggestion was opposed on the grounds that the repercussions of introducing a national minimum wage would be very damaging economically: but it was generally recognised that further consideration would need to be given to ways of mitigating the adverse effect on low-paid male workers of introducing equal pay.

The Prime Minister, summing up the discussion, said that while some reservations had been expressed about timing the Cabinet agreed that legislation should be introduced in the next Session on the broad lines indicated in the First Secretary’s memorandum. There would be great advantage in announcing this at the Labour Party Conference but because of the implications for confidence in sterling a decision on this would have to be taken in the light of the international monetary situation at the time. In her talks with the TUC the First Secretary could express the Government’s willingness to encourage the phased introduction of equal pay but should not reveal their intention to legislate next Session. She should seek to elicit the TUC’s views on the need for legislation and the form it might take and should draw their attention to the problem which the introduction of equal pay would create for low-paid male workers. She should have a similar discussion with the CBI and it would be helpful if she could then see the TUC and the CBI together; and she should report the outcome of her discussions to Cabinet in time for them to take decisions about the timing and form of legislation before the Labour Party Conference.

The Cabinet—

(1) Took note with approval of the Prime Minister’s summing up of their discussion.

(2) Invited the First Secretary of State to discuss the introduction of equal pay with the TUC and CBI on the lines indicated in the Prime Minister’s summing up and to report the outcome to the Cabinet before the Labour Party Conference.

The President of the Board of Trade said that since his memorandum had been circulated he had been notified of a proposed
early increase of 1d in the price of the *News of the World*. He had initially considered that a general reference of newspaper prices would be desirable for the reasons set out in paragraph 9 of the Annex to his memorandum. On reflection, however, he had come to the conclusion that a further reference to the National Board for Prices and Incomes (NBPI) would achieve no useful purpose. The proposed increase in the price of *The Times* seemed fully justified, and those for the Beaverbrook papers were reasonable. The proposed increases for the *Sunday* and *Daily Mirrors* and the *People* were more dubiously within the criteria of the prices policy, but it would be difficult to single out for reference the papers of the International Publishing Corporation, which was the most efficient publisher. In any event, the NBPI could do no more than repeat its previous exhortations and, possibly, proposals—which had proved unacceptable to the Government—for subsidies to assist the process of eliminating surplus manpower. Some embarrassment could also arise from the fact that the pay and productivity agreements reached in the industry in 1967 had not been referred to the NBPI. There was widespread anxiety that the number of national newspapers might continue to dwindle. The Government had resisted pressures directly to assist newspapers and if they now refused to allow the publishers to assist themselves the Government could justifiably be criticised. For these reasons, he proposed that the Government should inform the publishers that they had no objection to the proposed increases and that there should accordingly be no general reference to the NBPI.

In discussion, it was argued that the newspapers concerned should be allowed to make the immediate price increases which they had proposed while leaving the increases scheduled for 1970 subject to the outcome of a general reference. This course—course (c) in paragraph 11 of the Annex to C (69) 115—would not prevent the publishers, therefore, from making the increases which they now considered necessary. A further general reference to the NBPI would maintain pressure of public opinion on the newspaper proprietors and the unions to tackle more effectively the notorious inefficiency and over-manning of the industry. Moreover, if there were no reference in this case, it would become increasingly difficult to maintain Government pressure on other industries to contain price increases. On the other hand, it was suggested that the NBPI would not necessarily focus attention on the industry’s general inefficiency if a further reference were made. They might express the view that the industry’s troubles stemmed in part at least from the Government’s failure to implement the earlier recommendation by the Board for financial assistance to help with over-manning.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that course (c) as described in paragraph 11 of the Annex to the President’s memorandum should be adopted. The latest proposal for an increase in the price of the *News of the World* could be authorised if the President of the Board of Trade considered this to be necessary and consistent with the treatment of the other proposed increases.
The Cabinet—

(1) Invited the First Secretary of State, in consultation with the President of the Board of Trade, to refer the costs and revenue of national newspapers to the National Board for Prices and Incomes.

(2) Invited the President of the Board of Trade—

(a) to authorise the proposed increases in 1969 in the prices of *The Times*, the *Sunday Express*, the *People* and the *Sunday Mirror*; and, if necessary, similar increases in the *News of the World* and *The Guardian*;

(b) to request the newspaper publishers concerned not to implement proposed price increases in 1970 before the National Board for Prices and Incomes had reported on the reference at (1) above.

*Cabinet Office,*

*5 September, 1969.*