CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 19th March, 1970
at 11 a.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. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M P, Secretary of State for Local Government and Regional Planning
The Right Hon. PETER SHORE, M P, Minister without Portfolio
The Right Hon. ROY MASON, M P, President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury
The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services (Items 1–7)
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department (Items 1–7)
The Right Hon. FRED PEARL, M P, Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food (Items 2–8)
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. HAROLD LEVER, M P, Paymaster General
The following were also present:
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury
The Right Hon. EDMUND DELL, M P, Minister of State, Department of Employment and Productivity
The Right Hon. Sir ARTHUR IRVINE, Q C, M P, Solicitor-General (Items 1–7)
<table>
<thead>
<tr>
<th>Item</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>PARLIAMENTARY AFFAIRS</strong></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Future Business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Whitsun Recess</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ports Bill</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Welsh Local Government: Reorganisation</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>MOTION FOR MURDER (LIFE IMPRISONMENT) BILL</strong></td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td><strong>DEER HUNTING AND HARE COURSING ABOLITION BILL</strong></td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td><strong>CIVIL AVIATION POLICY</strong></td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Merger between British Overseas Airways</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corporation and British United Airways</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td><strong>OVERSEA AFFAIRS</strong></td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Rhodesia: United Nations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rhodesia: Consular Representation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rhodesia: The Chief Justice</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finland</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bahrain</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cambodia</td>
<td></td>
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<tr>
<td></td>
<td>Laos</td>
<td></td>
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<tr>
<td></td>
<td>Cyprus</td>
<td></td>
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<tr>
<td></td>
<td>Soviet Union</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Irish Republic</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td><strong>INDUSTRIAL AFFAIRS</strong></td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Industrial Relations at London Airport</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td><strong>PRICES AND INCOMES POLICY</strong></td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Teachers' Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>British Railways Board: Pay Settlement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salaries of Chairmen and Members of Nationalised Industry Boards and the Higher Civil Service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-Industrial Civil Service: Central Pay Claim</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td><strong>STRUCTURE OF THE TEXTILE INDUSTRY</strong></td>
<td>13</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Lord President explained that it was proposed to take the Whitsun Recess during the week beginning Monday, 25th May; if the state of business permitted two weeks to be taken, the Recess would begin on Monday, 18th May.

The Cabinet were informed that, in view of the slow progress of the Ports Bill in Committee, it was necessary to impose a timetable. The Opposition had been consulted through the usual channels; but it was obvious that the Motion would be bitterly opposed. The best course seemed to be to take this after the Second Reading of the Commission on Industry and Manpower Bill on 7th April.

The Secretary of State for Wales said that he was expecting a Motion to be tabled, deploring the proposals in the recent White Paper on the Reorganisation of Local Government in Glamorgan and Monmouthshire. Members of Parliament with constituencies in the mining valleys had already tried to bring pressure to bear on Ministers. The opposition had been sponsored by district councils facing extinction; and it might diminish when it was more widely understood that further discussions with the local authorities would be required and that there was no prospect of legislation during the present Parliament.

2. The Lord President reported to the Cabinet the discussion in Legislation Committee on Tuesday, 17th March, on the attitude which the Government should adopt towards Mr. Eldon Griffiths’ Motion seeking leave to introduce a Murder (Life Imprisonment) Bill, which was to be taken on 24th March. There was no doubt that the Bill which Mr. Griffiths had in mind would be unacceptable to the Government; and the only question for consideration was whether it would be better for the Government to organise opposition to the Motion itself or to follow the normal practice of allowing the Motion and taking steps subsequently to ensure that the Bill did not obtain a Second Reading. It had been argued on behalf of the Home Secretary that the better course would be to arrange for a prominent backbencher to oppose the Motion and to instruct the Whips to ensure that it was not carried. But the
majority of the Committee had thought that it would be better, if possible, to avoid a division and that the Government should not be seen to oppose the Motion, both because this would attract attention to it and because it was likely to enjoy considerable support in the country. If there were a division, however, the Government should seek to ensure that the Motion was defeated.

The Home Secretary said that the proposed Bill, which would make orders of the Home Secretary reducing sentences for murder to less than 30 years subject to Parliamentary approval, was certainly not one which could be accepted. It reflected the surprising degree of public ignorance about the effect of a sentence to imprisonment for life and the way in which such sentences were reviewed; and he was proposing to write a letter to the Police Federation, copies of which he would circulate to his colleagues, explaining the true position. Even if further changes in present practice were called for, it should be for the Criminal Law Revision Committee whom he had invited to review the whole question of fixed sentences, to recommend them. In these circumstances it would be wrong to allow Mr. Griffiths' Motion to be carried, since there would then be continual pressure on the Government to provide facilities for the resulting Bill.

In discussion it was suggested that there was no real likelihood of the Motion's being carried without a division and that the Government should therefore make sure that their case against it was presented to the best advantage by putting forward a suitable speaker and should do everything possible, short of a formal Whip, to see that the Motion was defeated. It was argued on the other hand that the limited time available would not permit an adequate presentation of the Government's case and that consideration should be given to finding time for a Second Reading debate on the Bill in order that that case could be deployed in its full strength. On balance, however, it was agreed that it would be undesirable to allow a full debate and that the substance of the Government's case could in fact be presented in the time available. It would assist in guiding public opinion if the Home Secretary's letter were given wide publicity in advance of the debate on the Motion.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the Government would be well advised to arrange for a suitable backbencher to explain their case against the Motion. The Chief Whip should use his best endeavours to procure the defeat of the Motion, although no formal Whip should be issued. The Home Secretary should arrange for the text of his letter to the Police Federation to be published, by way of reply to a written Parliamentary Question, before the Motion was debated.
The Cabinet—
Took note, with approval, of the Prime Minister’s summing up of their discussion.

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3. The Lord President said that, following the discussion in Cabinet on 12th March, he had discussed with the Ministers concerned how effect could best be given to the decision that the Government should adopt the Deer Hunting and Hare Coursing Abolition Bill. He had also met the Bill’s leading sponsors, some of whom thought that the provisions about hare coursing were the more important part of the Bill. There were three courses open to the Government. They could give facilities for the whole Bill as it now stood; they could promote a Bill to prohibit hare coursing and the hunting of deer with hounds and so avoid the difficulties arising from the fact that the present Bill would prohibit deer-stalking; or they could promote a Bill confined to the prohibition of hare coursing. He recommended the last of these courses.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that the best course would be for the Government to promote a Bill dealing only with the prohibition of hare coursing; there was a good chance that this would be passed by the House of Lords. The Lord President should therefore inform the House of Commons that the Government had decided in principle to legislate against hare coursing.

The Cabinet—
Invited the Lord President to inform the House of Commons that the Government had decided to legislate against hare coursing.

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4. The Cabinet’s attention was drawn to the Motion in the name of Mr. Russell Kerr and other Members of Parliament, deploring the Government’s decision to withhold approval of the proposed merger between the British Overseas Airways Corporation (BOAC) and British United Airways (BUA). This Motion reflected the concern among the Government’s supporters about an apparent change of the Government’s policy for civil aviation. In fact, however, the Government’s attitude had throughout been consistent with the policy described in the White Paper on Civil Aviation Policy (Cmnd. 4213). The announcement approving the merger in
principle, which had been forced on the Government by premature disclosure in the Press, had been made on the understanding that there were no other prospective purchasers of BUA and that the company's merger with BOAC was the only alternative to its extinction. When it became known that Caledonian Airways were interested in the possibility of merging with BUA, a new situation was created; and the Government had had to take this into account, as had been explained by the President of the Board of Trade in the House of Commons on the previous day. The President should elaborate this explanation to the Parliamentary Labour Party, and should emphasise the consistency of his action with the policy laid down in the White Paper.

5. The Foreign and Commonwealth Secretary said that in the United Nations Security Council the Afro-Asian Group had pressed a Resolution condemning the United Kingdom for failing to use force against the illegal régime in Rhodesia and calling for the extension of sanctions to South Africa and Portugal. They had subsequently come to an understanding with the Spanish Permanent Representative whereby the latter had agreed to vote for their Resolution in return for the dropping of the demand for sanctions against Portugal. The Afro-Asians had thus succeeded in mustering the nine votes necessary to ensure that their Resolution could be defeated only by the use of the veto. In the circumstances we had reluctantly decided that we had no alternative to vetoing the Resolution; and the United States had adopted the same course. The Afro-Asian Group had then fallen back on the draft Resolution tabled by Finland. This had been more acceptable to us; and we had been able to vote for it, subject to an explanation of our vote.

The Foreign and Commonwealth Secretary said that Belgium and Switzerland had now decided to close their consulates in Salisbury and that Greece was likely to do so in the near future. This would leave South Africa and Portugal as the only remaining countries with consular representation.

In discussion satisfaction was expressed at the success of our efforts to induce friendly Powers to withdraw their consular representation. South Africa and Portugal were now in a position in which their continued membership of the United Nations might be at risk; and the prospect of virtual exclusion from the international community might exercise a sobering influence on them. We should take full account of this in our dealings with them.
(1) Took note of the statements by the Foreign and Commonwealth Secretary and of the points made in discussion.

*The Foreign and Commonwealth Secretary said that the Chief Justice of Rhodesia, Sir Hugh Beadle, had continued to serve the regime in Salisbury after the illegal declaration of independence. He had not so far given any indication of his attitude towards the purported declaration of a "republic", which represented a further illegality. Lord Beaumont of Whitley had now tabled a Question in the House of Lords, for reply that day, to ask the Government whether they proposed to take any steps to remove from the roll of Her Majesty's Privy Council the Chief Justice of the so-called republic of Rhodesia. It was proposed that the reply should point out that Sir Hugh Beadle had taken an oath of allegiance to The Queen when he was admitted to the Privy Council; should remind the House of the Foreign and Commonwealth Secretary's statement in the House of Commons on 2nd March that those who continued to serve the illegal régime after the purported assumption of republican status could no longer be regarded as serving the Crown; and should state that we were waiting to see whether Sir Hugh Beadle intended to take any step to resolve this contradiction. If Sir Hugh, after a reasonable interval, did not either resign from the Privy Council or actively dissociate himself from the illegal régime, it would be necessary to initiate action for his removal from the Council. This might revive pressure for the removal of the former President of Ghana, Dr. Nkrumah, who was still a Privy Counsellor; and, if so, this further step might have to be taken.

The Prime Minister, summing up a brief discussion, said that the problems involved in Sir Hugh Beadle's continuing membership of the Privy Council had for some time been under careful consideration by the Ministers concerned. The Cabinet agreed that if Sir Hugh Beadle subscribed to the illegal "republic", whether directly or by implication, it might well be necessary to advise The Queen that he should be removed from the Privy Council. Meanwhile, the reply to Lord Beaumont's Question should be on the lines proposed by the Foreign and Commonwealth Secretary.

The Cabinet—
Took note, with approval, of the Prime Minister's summing up of their discussion.

* Previously recorded in a Confidential Annex.
The Foreign and Commonwealth Secretary said that in the recent general elections in Finland, the representation in Parliament of the alliance of the Social Democratic Party, the Communist Party and the Social Democratic Union had been reduced from 103 seats to 87. It would probably be some time before a new coalition Government could be formed. It was unlikely that there would be any major changes in policy; but it was unfortunate from our point of view that the Minister of Industry, with whom we had been discussing the possible purchase by Finland of a British nuclear reactor, had lost his seat.

The Cabinet—

(2) Took note of the statement by the Foreign and Commonwealth Secretary.

*B The Foreign and Commonwealth Secretary said that as a result of discussions which had been taking place over the past few months between the Shah of Iran, the Secretary-General of the United Nations, U Thant, and ourselves, there was now a good prospect of disposing of the long-standing problem of the territorial claim of Iran to Bahrain, thus removing a major obstacle to the formation of the Union of Arab Emirates which we hoped to see established on our withdrawal from the Persian Gulf. These discussions were highly confidential pending an announcement; and Ministers should take particular care to prevent any premature disclosure. An opening for a settlement had been offered by the Shah's public statement in January 1969 that he renounced the use of force in pursuit of Iran's claim to Bahrain and that he would accept a "legal expression" of the will of its inhabitants. The Shah realised that the decision was unlikely to be in favour of incorporation in Iran, though he had not of course admitted this publicly. Delicate and complex contacts had followed between ourselves, the Iranians, the Bahrainis and the Secretariat of the United Nations, with the Iranians insisting, in order to justify themselves vis-à-vis their own people, on as comprehensive a sounding of Bahrain opinion as possible and the Ruler of Bahrain opposing—partly from a dislike of any form of popular consultation but also from a more justified fear of inter-communal disturbances—anything in the nature of a referendum or plebiscite. Eventually a compromise had been reached, whereby the Secretary-General of the United Nations would send a special representative to Bahrain to sound local opinion. On 9th March, the Iranian Permanent Representative at the United Nations had made a formal request in this sense to the Secretary-General; and on 20th March, we should be informing the Secretary-General that we concurred in this request. On 28th March the Secretary-General

* Previously recorded in a Confidential Annex.
would announce his acceptance of the proposal, together with the name of his special representative who would be Signor Winspeare-Guicciardi, a senior member of the Italian Foreign Service at present serving as Director-General of the United Nations Office in Geneva. Signor Winspeare-Guicciardi would arrive in Bahrain on 30th March. He would prepare a report to the Secretary-General, who would circulate this to the Security Council, probably in May. While this outcome was highly satisfactory to us, it was important, in order to avoid any possible charges of collusion between ourselves, the Iranian Government and the United Nations Secretariat, to avoid any public allusion to the major part we had played in bringing it about.

*The Foreign and Commonwealth Secretary* said that during the absence of the Cambodian Prime Minister, Prince Sihanouk, on a tour abroad a Right-wing group had taken over control of the Government.

The Foreign and Commonwealth Secretary said that there had been further minor military gains by the Communists in Laos. The Soviet Union had rejected the proposal for consultations between the signatories of the Geneva agreements, which we had invited them to sponsor with us, as Co-Chairmen of the Geneva Commission; and we had therefore circulated the text of the appeal by the Laotian Prime Minister, Prince Souvanna Phouma, to the Geneva Powers independently.

The Foreign and Commonwealth Secretary said that the assassination of Mr. Polykarpos Gheorghiadis had increased tension within the Greek Cypriot community; but it did not appear so far to have had any adverse effect on relations between Greeks and Turks in the island. Mr. Gheorghiadis had been closely connected with the National Front, an organisation which stood politically to the Right of the Government of Cyprus; and he had been suspected of complicity in the recent attempt on the life of the President, Archbishop Makarios.

The Foreign and Commonwealth Secretary said that there had been Press reports of dissensions in the Soviet leadership. There was clearly considerable discontent about Soviet economic policy, some elements in the Government advocating greater centralisation and others favouring more liberal methods. But there was no confirmation of the report that three members of the Presidium had circulated
Irish Republic
(Previous Reference: CC (70) 12th Conclusions, Minute 3)

The Prime Minister said that at a St. Patrick's Day banquet in Liverpool on 17th March which he had attended together with the Deputy Prime Minister of the Irish Republic, Mr. Erskine Childers, the latter had pressed him to increase by 500 tons our offer to permit imports from the Republic not exceeding 31,000 tons for butter and 17,000 tons for cheese. In reply, he had undertaken to report this request to his colleagues; but subsequent discussion with the Ministers concerned had indicated that it was too late to modify the aide-memoire embodying our proposals, which had to be delivered to the Irish Ambassador on 18th March in time for the meeting of the Irish Cabinet on the following day. He had gained the impression from Mr. Childers that the Irish Government would in fact accept our offer, albeit reluctantly. If they did not, we might have to consider making a small additional offer of perhaps 250 tons for one commodity or the other.

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

The First Secretary of State said that, as she had already reported to the Ministerial Steering Committee on Economic Policy, the situation at London Airport (Heathrow) was serious. Despite prolonged discussions with officials of the trade unions concerned on the previous day it had not been possible to reach agreement on the terms of reference for the inquiry which she had undertaken to set up. The trade union side of the National Joint Council for Civil Air Transport refused to take part in the inquiry unless the British Airports Authority (BAA) abandoned their High Court action to restrain shop stewards at Heathrow from attempting to induce a breach of a commercial contract. The Chairman of the BAA, however, had made it clear that the Authority were not prepared to abandon the case completely. The legal position was complex; and the situation was changing continuously. She therefore asked for authority, in consultation with the Prime Minister, the President of the Board of Trade and the Law Officers as necessary, to take such action as was required to deal with the situation as it developed.

The Cabinet—
Invited the First Secretary of State, in consultation with the
Prime Minister, the President of the Board of Trade and the Law Officers as necessary, to take such action as was required to deal with the situation at Heathrow Airport.

SECRET

7. The Secretary of State for Education and Science said that he had discussed further with the parties concerned the unsatisfactory situation which had developed in connection with the recent settlement of the dispute on teachers' pay. The statement which had been issued by the Burnham Committee on 3rd March had been at fault in describing the cost of the settlement as "not less than £42 million in 1970–71" and in omitting any reference to the cost in 1971–72, since there was no doubt in the minds of all who had taken part in the negotiations that the amounts of £42 million and £84 million represented the upper limits of the cost in the two years 1970–71 and 1971–72 respectively. This was amply confirmed by the record of his subsequent discussion with Mr. Britton of the National Union of Teachers (NUT). There was no justification, therefore, for the circular letter which the NUT had issued on 4th March, repeating the misleading interpretation of the agreement in the Burnham Committee's statement and committing the union to an attempt to ensure that the amounts agreed by the settlement would be substantially exceeded in the next round of negotiations. On the other hand it was not easy to devise a means by which the matter could be put right without endangering the settlement itself when it came forward for ratification early in April. The Government could seek to insist that at that point the text of the agreement, which would normally be confined to a simple statement of the increased salary scales, should incorporate the other provisions (including the maximum costs involved) which had formed part of the settlement with the NUT and had been made public in his statement in the House of Commons on 5th March. But the union, who had already refused to withdraw their circular letter, would probably be equally reluctant to accept this alternative procedure; and if, as a result, the agreement were not ratified, the whole settlement would fail, the teachers might revert to strike action and the Government would incur considerable political odium. It might be preferable, therefore, for him to confine himself to sending a letter to both sides of the Burnham Committee, putting on record before the agreement was ratified, the interpretation which the Government placed upon it; and this might then be repeated by Sir Ronald Gould, the General-Secretary of the NUT, at the union's forthcoming annual conference.

In discussion there was general agreement that it must be made clear that the cost of the settlement was subject to a maximum of
not merely £42 million in 1970–71 but also £84 million in 1971–72; and the necessary statement to this effect should be expressed in terms that the Government were committed to provide not more than these amounts (rather than that they were not committed to provide more). It was essential that Sir Ronald Gould should confirm this understanding at the forthcoming conference of the NUT. For the rest it must be left to him to deal with his union and its members as he saw fit about the circumstances in which they had issued a misleading circular over his signature but without his knowledge; the Government’s main concern was to ensure that the next round of negotiations did not start on the basis of any misunderstanding about the precise terms of the settlement. In order to ensure this the Secretary of State for Education and Science might be well advised to send to Mr. Britton the record of their discussion and to confirm that he accepted it as a valid interpretation of the agreement. If he did so, the Government should be proof against any subsequent charge of bad faith; but, if he refused or was reluctant to endorse the record, it might then be necessary for the Secretary of State to adopt a more rigorous attitude and perhaps to insist that the full terms of the settlement should be incorporated in the text of the agreement to be ratified early in April. The matter would need to be further considered by the Cabinet at that juncture.

The Cabinet—

Took note that the Secretary of State for Education and Science would send to Mr. Britton, representing the National Union of Teachers, the record of their discussion on 13th March and would inform the Cabinet if he refused to endorse it.

The Cabinet were informed that the pay claim on behalf of employees of the British Railways Board had been settled on the basis recently approved by the Ministerial Committee on Prices and Incomes.

*7. The Lord Privy Seal said that the most appropriate means of announcing the implementation of Stages 2 and 3 of the salary increases for members of the Boards of nationalised industries and for the Higher Civil Service, which the Cabinet had approved in principle at their previous meeting, would be by way of Parliamentary Questions for written answer in the following week.

In discussion this suggestion was endorsed. But it was agreed that it would be preferable to confine the announcement of implementation to Stage 2 on 1st April and 1st July for the nationalised industries and the Higher Civil Service respectively, on

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* Previously recorded in a Confidential Annex.
the basis that the Stage 3 increase would be implemented at the corresponding dates in the following year but that this decision should not be announced at the present juncture and that the question should be further considered in the light of the requirements of incomes policy at the time. The announcement of the salary increases envisaged for members of the judiciary should be reserved for later consideration.

The Cabinet—
Invited the Minister without Portfolio and the Lord Privy Seal to arrange for written Questions to be answered in the House of Commons and the House of Lords respectively in the following week about the implementation of further salary increases for members of the Boards of nationalised industries and for the Higher Civil Service in the terms agreed in their discussion.

The Lord Privy Seal said that in the course of the negotiation of a central pay increase for the non-industrial Civil Service it had been necessary, with the approval of the Prime Minister, the Chancellor of the Exchequer and the First Secretary of State, to offer an improvement on the proposed increase from 8 per cent to 8½ per cent from 1st April, 1970, for the clerical, executive and administrative grades, coupled with an increase of 6 per cent for the works group and technical classes from 1st January, 1970. There were grounds for hoping that a settlement could be achieved on this basis.

The Cabinet—
Took note, with approval, of this statement.

8. The Cabinet considered a memorandum by the Paymaster General (C (70) 45) about the structure of the textile industry.

The Paymaster General said that the President of the Board of Trade had announced in June 1969 a standstill on further mergers between the large groups in the textile industry which had grown rapidly by amalgamation and acquisition but had not yet realised the full advantage of integration. Following the proposal by Imperial Chemical Industries Ltd. (ICI) to bid for Viyella International Ltd. and thereafter to effect an amalgamation between that firm and Carrington and Dewhurst Ltd., he had examined the situation in the textile industry with the help of a small group which had included the Minister of State, Department of Employment and Productivity and the Chairmen of the Industrial Reorganisation
Corporation and the Textile Council. They had concluded that it would not be satisfactory to allow the standstill to continue unchanged. While it had been intended to provide protection against major extensions of vertical integration, in practice Courtaulds were able to grow organically from the position which they had already secured through massive forward integration; and a continuance of the standstill would now reduce, rather than maintain, competition. The standstill had not prevented ICI from becoming closely involved in the operations of textile firms in ways other than acquisition but such moves had had unfortunate results. Carrington and Dewhurst and Viyella now needed assistance from ICI to strengthen both their finances and their management. He therefore proposed that they should be allowed to merge under a holding company formed by ICI, provided that the latter reduced their shareholding to no more than 35 per cent within a strictly limited period, that they established an independent Chairman and an independent Board with only one ICI director, and that they undertook not to use their shareholding to influence the combined company in its choice of fibres or other materials. Any further integration into textile manufacture by fibre producers, including takeovers by overseas firms, would be allowed only on a similar basis. In addition, all fibre producers might be invited to subscribe to a code of conduct designed to prevent trading practices which gave rise to concern; if this code were not complied with voluntarily, specific abuses of market power could be referred to the new Commission for Industry and Manpower (CIM).

In addition, the Lancashire section of the textile industry needed help to undertake the re-equipment needed before the tariff on Commonwealth imports came into force on 1st January, 1972. While detailed discussions would have to be held with the Treasury about the extent and nature of such assistance, it would be helpful if the announcement of the decision on ICI's proposals could indicate that the Government recognised the need for re-equipment and were considering what action would be appropriate.

In discussion it was suggested that these proposals were open to certain objections. The merger of Viyella and Carrington and Dewhurst had few advantages and was opposed by most of those who had been consulted. While the fundamental problem was the strength of Courtaulds, the proposals might reduce the ability of ICI to help other textile firms to remain competitive. Instability in the industry would continue. Moreover, the Government could not now rely on powers flowing from the Monopolies Commission report on cellulosic fibres; they would be dependent on the consent of the firms concerned, supplemented by reference to the CIM of mergers or of particular forms of abuse of market power. It would have been preferable to announce the maintenance of the standstill
immediately ICI's proposals became known. On the other hand, it was argued that, since this had not been done, there was now no alternative to the course proposed by the Paymaster General.

In further discussion it was suggested that there should be no commitment to assistance for the re-equipment of the textile industry until detailed proposals had been considered by the Ministers concerned. It might also prove embarrassing if the intention to promulgate a code of conduct was announced before it was known whether an acceptable code could be drafted.

The Prime Minister, summing up the discussion, said that the Cabinet might be prepared, on balance, to agree in principle to the course proposed by the Paymaster General in respect of ICI's proposals for Viyella and Carrington and Dewhurst; but further consideration should be given to its implications by the Ministerial Steering Committee on Economic Policy before any public statement could be made. The Paymaster General should consider with the First Secretary of State the practicability of preparing a code of conduct on the lines proposed. He should also give further consideration, in consultation with the Chief Secretary, Treasury, to the proposals for assistance towards the re-equipment of the textile industry. In the meantime nothing should be said to commit the Government, even in principle, to providing such assistance.

The Cabinet—
(1) Took note, with approval, of the summing up of their discussion by the Prime Minister.
(2) Took note that the Prime Minister would arrange for the issues involved to be considered further by the Ministerial Steering Committee on Economic Policy.

Cabinet Office, S.W.1,