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CM (70)
43rd Conclusions

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CABINET

*CONCLUSIONS of a meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 3 December, 1970,
at 11 a.m.*

Present :

The Right Hon. EDWARD HEATH, M P, Prime Minister

The Right Hon. REGINALD MAUDLING,
M P, Secretary of State for the Home
Department

The Right Hon. ANTHONY BARBER, M P,
Chancellor of the Exchequer

The Right Hon. LORD CARRINGTON,
Secretary of State for Defence

The Right Hon. ROBERT CARR, M P,
Secretary of State for Employment
(Items 1 and 2)

The Right Hon. GORDON CAMPBELL,
M P, Secretary of State for Scotland

The Right Hon. PETER WALKER, M P,
Secretary of State for the Environment

The Right Hon. JAMES PRIOR, M P,
Minister of Agriculture, Fisheries and
Food

The Right Hon. LORD HAILSHAM OF
ST. MARYLEBONE, Lord Chancellor

The Right Hon. WILLIAM WHITELAW,
M P, Lord President of the Council

The Right Hon. SIR KEITH JOSEPH, M P,
Secretary of State for Social Services

The Right Hon. MARGARET THATCHER,
M P, Secretary of State for Education
and Science

The Right Hon. THE EARL JELICOE,
Lord Privy Seal

The Right Hon. PETER THOMAS, Q C,
M P, Secretary of State for Wales

The Right Hon. JOHN DAVIES, M P,
Secretary of State for Trade and
Industry and President of the Board
of Trade

The following were also present :

The Right Hon. FRANCIS PYM, M P,
Parliamentary Secretary, Treasury

The Right Hon. SIR PETER RAWLINSON,
Q C, M P, Attorney-General

Secretariat :

SIR BURKE TREND
Mr. N. F. CAIRNCROSS
Mr. B G. TUCKER
Mr. G. F. KEAR

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**Parliamentary
Affairs**

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

Industrial
Relations Bill
Previous
Reference :
CM (70) 38th
Conclusions,
Minute 2

The Lord President said that the Opposition had intended on Wednesday 9 December to table a Motion that the Industrial Relations Bill should be committed to a Committee of the whole House in the expectation that the Government would feel bound to resist it. There might be substantial advantages, however, in pre-empting the Opposition by offering to debate the Bill on the Floor of the House. This course would indicate the importance which the Government attached to it, would enable the Government's arguments in favour of its detailed provisions to be more effectively presented to the public and would be likely to commend itself to the Government's supporters. These advantages must be weighed against the late sittings which would be entailed and the probable need to curtail the Whitsun Recess. Moreover, the time which the Committee Stage would consume on the Floor of the House would put the rest of the Legislative programme at risk, and would endanger the Government's ability to proceed with a certain number of Bills, some of which were desirable. On balance, however, he was disposed to recommend that the Bill should be taken on the Floor of the House.

The Cabinet—

- (1) Agreed that the Committee Stage for the Industrial Relations Bill should be taken on the Floor of the House.
- (2) Invited the Lord President to announce this decision at the appropriate time.

The Restriction
on Agreements
(Estate Agents)
Order 1970

The Lord Privy Seal said that the Motion for an Affirmative Resolution on the Restriction on Agreements (Estate Agents) Order 1970, which was to be taken as last order in the House of Lords that evening, was likely to encounter strong opposition. The Order might also be opposed in the House of Commons when the Motion was taken on Monday, 7 December. The Order gave effect to a recommendation of the Monopolies Commission by rendering unlawful agreements between estate agents relating to charges in connection with the disposal of unfurnished dwellings. The Government's acceptance of this recommendation had been announced in reply to a Parliamentary Question on 16 July; but the substance of the proposal had not been collectively discussed by Ministers. In the circumstances it was for consideration whether the Order should be withdrawn in order to enable it to be further studied and to allow the interests affected to be consulted.

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The Prime Minister, summing up a short discussion, said that, if Affirmative Resolutions in both Houses were not secured by the end of business on 7 December, the Order would lapse. Further consideration and consultation with the interests affected might merely lead to the same outcome; and in the meantime opposition to the measure would gather strength.

The Cabinet—

(3) Agreed that the wiser course was to proceed with the Order as it stood.

Remuneration of
Members of
Parliament

The Lord President said that the House of Commons was due the following afternoon to give a Second Reading to a Bill, introduced by Mr. Douglas Houghton, MP, which provided for the establishment of a statutory review body to keep under review the emoluments, allowances, expenses and pensions of Members of the House of Commons. The review body was to be guided by a number of principles set out in the Bill. The creation of a statutory body for this purpose might prove politically embarrassing. On the other hand outright opposition to the Bill, which was backed by Mr. Turton, MP and Mr. Geoffrey Lloyd, MP would be liable to create the impression that the Government were rejecting a proposal which was inherently reasonable. It might be possible to temporise by allowing the Bill a Second Reading. The Legislation Committee, however, had agreed on 1 December that it would be preferable that the Government spokesman in the debate should undertake to refer the salaries of Members of Parliament to the review body which was to consider top salaries in the public service under the arrangements announced in the House of Commons on 2 November by the Secretary of State for Employment. This, together with the other review bodies which were proposed, would not be established until early in the following year; and, even if the review body were to give priority to considering the remuneration of Members of Parliament, it was unlikely that its report would be available until the second half of 1971, by which time it was virtually inevitable that some review of Members' remuneration should be undertaken. As regards the frequency of such reviews, however, it might be preferable that, although the review bodies would normally reconsider their findings every 2 years, Parliamentary salaries should not be subject to re-examination more than once in the lifetime of each Parliament or in each period of 4 years, whichever was the longer interval. If the Government could give an undertaking of the kind which he had outlined, Mr. Houghton would probably withdraw his Bill.

The Prime Minister, summing up a short discussion, said that the Cabinet agreed that the Lord President should give the proposed

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undertaking. There were certain points, however, which would require consideration in due course. While the review bodies were intended to be independent, it would be necessary to frame the terms of reference on the remuneration of Members of Parliament with care. They need not necessarily be identical with the terms of reference in other cases; and the Government should not be committed to giving effect to the review bodies' recommendations. It would therefore be inadvisable for the Government spokesman to be drawn into detail about the precise nature of the reference in question; and it should suffice to indicate that provision would be made for Members' remuneration to be considered in the context of the new salary review structure announced by the Secretary of State for Employment on 2 November. While Ministers' remuneration and the allowances for Peers might be included within the reference, it should not be necessary to mention them in the undertaking given in the House of Commons.

The Cabinet—

- (4) Invited the Lord President to concert with the Ministers concerned, in the light of the Prime Minister's summing up of their discussion, the attitude to be adopted by the Government spokesman in the debate on Mr. Houghton's Bill that afternoon.
- (5) Invited the Lord President to arrange for further consideration to be given to the terms of the proposed review.

The Courts Bill

The Lord Chancellor said that amendments to the Courts Bill, which would enable solicitors to be appointed to the proposed circuit bench and would give solicitors a larger right of audience in the proposed Crown Courts, would probably be the subject of controversy during the Committee Stage of the Bill in the House of Lords that afternoon. In his view the Courts Bill was not a suitable vehicle for a change which ought more suitably to derive from a comprehensive review of the structure of the legal profession. He proposed to deal with the amendment on this basis in the hope of trying to avoid dividing the House. But some of the sponsors of the amendment were likely to press their point of view.

The Prime Minister, summing up a short discussion, said that, while it was undesirable in principle to give way to an amendment founded upon an imperfect appreciation of the situation, it was also undesirable for the Government to press their view in the House of Lords if there was a possibility that further reflection might cause them to modify their view when the Bill reached the House of Commons. It might therefore be preferable to avoid a

decisive confrontation on the issue during the Committee Stage in the Upper House.

The Cabinet—

- (6) Invited the Lord Chancellor, in speaking during the Committee Stage of the Courts Bill in the House of Lords, to be guided by the Prime Minister's summing up of their discussion.

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**Industrial
Affairs**

Pay of
Electricity
Supply Workers
and of Manual
Workers in the
Gas and Water
Supply
Industries
Previous
Reference:
CM (70) 41st
Conclusions,
Minute 3

2. *The Secretary of State for Trade and Industry* said that, as agreed by the Ministerial Steering Committee on Pay Negotiations, the Electricity Council had made a pay offer of an increase equivalent to 10 per cent on average earnings at a meeting on 2 December with the trade unions representing manual workers in the electricity supply industry. The unions had rejected the offer and would be calling for a work-to-rule and an overtime ban from 7 December. In the parallel negotiations about the pay of manual workers in the gas industry, which were due to be resumed on 7 December, the Gas Council would take account of the attitude adopted by the Electricity Council; and he himself, proposed to discuss the situation with the Chairmen of the two Councils beforehand. The employers in the water supply industry had already agreed that, in their negotiations on 4 December on the pay of their manual workers, they would seek to avoid embarrassing the gas and electricity negotiations. Some Press reports of the previous day's electricity negotiations had wrongly stated that the Electricity Council's offer amounted to a 12-12½ per cent increase. This represented the increase in terms of average basic rates; taking account of other consequential increases, however, it was equivalent to 10 per cent on average earnings. He would be inviting the Electricity Council to take steps to correct this potential misrepresentation of their offer.

The Home Secretary said that the Ministerial Committee on Emergencies had considered whether there was any need to proclaim a State of Emergency on account of the work-to-rule in the electricity supply industry, its likely effects on water supply and sewage systems and the risk of parallel industrial action in the gas and water supply industries. They had concluded that the only purpose for which Emergency Powers might immediately be used would be to relieve the electricity and other authorities of their statutory supply obligations, and that this did not amount to sufficient justification for proclaiming a State of Emergency. The Committee would, however, keep a close watch on the effects of the work-to-rule in the electricity industry and would bring forward recommendations for taking Emergency Powers if it became

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necessary to do so. In practice it would be more convenient in terms of the Parliamentary timetable if a State of Emergency were not declared before 10 December, since otherwise it might prove necessary to recall Parliament before 12 January in order to authorise a renewal of the Emergency Regulations, if at that stage they were still needed.

Police Pay

The Home Secretary said that the Ministerial Steering Committee on Pay Negotiations had agreed that the police should be offered an immediate general pay increase and, in addition, a review designed to produce further special payments to improve the strength of the police force. The Official Side of the Police Council, however, had decided not to adopt the course approved by the Government and had offered an increase of 12 per cent without any further review. This had been rejected by the Staff Side of the Police Council. He had subsequently discussed the matter with the members of the Official Side, who had now agreed to make an offer in line with the Government's wishes, comprising an immediate pay increase of 10 per cent, to be followed by negotiations on further specific increases for particular grades in order to improve the strength of the police force. An offer on these lines might satisfy the Staff Side, who appeared interested in reaching a settlement.

**Demonstrations
on 8 December**

The Home Secretary said that unofficial strikes and demonstrations appeared likely to take place on 8 December in various parts of the country in protest against the Industrial Relations Bill. They might cause some inconvenience to the public and some loss of production in certain industries and services; but support for the protest appeared to be less strong than the organisers had hoped. In London there would be a mass march of 20,000 or more from Tower Hill to Speaker's Corner. The organisers were co-operating with the police as regards the necessary arrangements for the march; but, even though special measures would be taken to increase the number of police available, there might be some difficulty in controlling the crowd.

The Cabinet—

- (1) Took note of the statements on pay negotiations, threatened industrial action and demonstrations planned for 8 December.
- (2) Invited the Secretary of State for Trade and Industry, in consultation with the Lord President of the Council and the Secretary of State for Employment, to arrange for appropriate guidance to the Press on the correct interpretation of the pay offer made on 2 December to manual workers in the electricity supply industry.

**Public Sector
Remuneration**

* (3) The Cabinet resumed their discussion of remuneration in the public sector.

Previous

Reference:
CM (70) 42nd
Conclusions,
Minute 4

The Prime Minister said that following the meeting of the Cabinet on 1 December the Head of the Home Civil Service had discussed in confidence with a small number of Permanent Secretaries the implications of a waiver for 6 months of the increases in salary due on 1 January, 1971 at the highest levels of the groups affected: Permanent Secretaries, officers of equivalent rank in the Diplomatic Service, the Higher Judiciary, 5 and 4-star officers of the Armed Services and Chairmen and Deputy Chairmen of the Boards of the major nationalised industries. As long as the higher salaries were authorised to be paid from 1 January, 1971 waiver of payment would not affect pension rights; nor would the amount waived be subject to income or surtax so long as it was not drawn. It now appeared that the Order in Council to increase the remuneration of the Judiciary need not be made public until Tuesday, 8 December, so long as copies could be posted to members of the House of Lords Special Orders Committee in time to reach them that morning. If, therefore, the senior public servants concerned were willing to waive payment of the increases for 6 months—and the first indications were that there would be a general readiness to respond—it would be possible to put the increases in the remuneration of the Judiciary into effect on 1 January, 1971, to announce salary increases from 1 January, 1971 for senior Service officers and simultaneously to make it known that those in the highest levels of the groups affected had offered to forgo the increases for a period of 6 months in the national interest. There remained the question whether Ministers should forgo a proportion of their salaries. It appeared that in 1951 the Prime Minister (Mr. Churchill) had conceded that the waiver of Ministerial salaries at that time had not achieved the result which he had hoped.

The following were the main points made in discussion—

(a) It was agreed that to allow full effect to be given at this juncture to the increases on 1 January, 1971 would damage confidence in the Government's efforts to combat inflation; but that it would not be equitable to treat the Judiciary and the senior Service officers differently from the Higher Civil Service and the Chairmen of the Boards of nationalised industries.

(b) It was pointed out that the salaries of Ministers had not been increased since 1964, that the present rates fell well short of

* Previously recorded in a Confidential Annex.

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those recommended by the Committee on the Remuneration of Ministers and Members of Parliament in 1964 and that no increase was currently proposed. It was argued that for Ministers to forgo, for a period, a proportion of the present salary would be regarded as an empty gesture savouring of panic and contrivance. It was argued, on the other hand, that some special gesture of leadership was required if there was a question of public servants forgoing part of the remuneration which had been promised them.

(c) Although the Higher Judiciary and the Permanent Secretaries and officers of the Diplomatic Service were likely to respond, the attitude of the Chairmen of the Boards of nationalised industries could not be foreseen, particularly as the increase in their salaries had followed a course different from those of Permanent Secretaries. The 5- and 4-star officers of the Armed Services were likely to be ready to respond, but, as their salaries were at present one stage behind those of the Higher Civil Service, they might justly claim that to waive only a proportion of the increase due on 1 January, 1971 would be an equivalent gesture on their part.

The Prime Minister, summing up the discussion, said that the general view was that, for the reasons stated in discussion, it would be inappropriate for Ministers temporarily to forgo a proportion of their present remuneration. The Cabinet were agreed that to announce that full effect would be given to the increases in the pay of the senior officers and to proceed with Orders giving full effect to the increases for the Judiciary would have an adverse effect on confidence in the Government's determination to combat inflation; but that the Judiciary and the senior officers of the Armed Services should be treated no differently from the Higher Civil Service and the Chairmen and Deputy Chairmen of the Boards of nationalised industries. There was general agreement that an offer at the highest levels in all groups concerned to waive, for a period of 6 months, the increase which would take effect on 1 January would show an example of public spirit and would do much to ease the position. He, therefore, proposed to discuss further with the Ministers mainly concerned the implications of such a waiver with a view to making final arrangements.

The Cabinet—

Took note, with approval, of the Prime Minister's summing up of the discussion.

*Cabinet Office,
4 December, 1970.*

