CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 13 May, 1971, at 10.30 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. LORD HAILSHAM OF ST. MARYLEBONE, Lord Chancellor

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

The Right Hon. ROBERT CARR, M P, Secretary of State for Employment

The Right Hon. THE EARL JELLOE, Lord Privy Seal

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

The Right Hon. SIR ALEC DOUGLAS-HOME, M P, Secretary of State for Foreign and Commonwealth Affairs

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

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

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

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

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

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

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

Secretariat:
SIR BURKE TREND
Mr. N. F. CAIRNCROSS
SIR PHILIP ADAMS
Mr. P. J. HUDSON

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The Patrial Provisions in the Immigration Bill

Admission of Aliens for Employment

United Kingdom Passport Holders in East Africa (UKPHs)
1. The Cabinet were informed of the business to be taken in the House of Commons the following week. It was proposed that the House should rise for the Whitsun adjournment on Friday, 28 May, and resume on Tuesday, 8 June.

The Cabinet were informed of progress on the Industrial Relations Bill in the House of Lords. The Prime Minister emphasised the importance of completing all stages of the Bill in both Houses in good time before the Summer Recess.

The Cabinet—

Invited the Lord President of the Council and the Lord Privy Seal, in consultation with the Chief Whips in both Houses, to consider how the remaining stages of the Industrial Relations Bill might be so conducted as to ensure that the Bill would be enacted as expeditiously as possible and in any case not later than the Summer Recess.

2. The Foreign and Commonwealth Secretary said that reports from Brussels, where the Chancellor of the Duchy of Lancaster had been discussing with Ministers of the member countries of the European Economic Communities our application for membership of the Communities, indicated that some progress had been made. Agreement had been reached on agricultural transition arrangements and, subject to consultation with the Commonwealth countries concerned, on sugar. The French Government, who had clearly been mollified by our agreement to apply Community procedures to agriculture as soon as possible, had made a helpful new move on sugar, the effect of which was that the Commonwealth Sugar Agreement would remain intact until 1974 and that thereafter the expanded Community would be committed to arrangements which would safeguard the interests of developing Commonwealth countries.

In discussion it was agreed that this compromise on sugar probably represented the best outcome which we could expect; that it would be appropriate to explain its significance to the West Indian and other Governments concerned; but that it would be equally important to ensure that domestic United Kingdom interests also understood and accepted the position. The agreement on agricultural transitional arrangements would similarly need particularly careful presentation to British growers of apples and pears, who would be protected against too rapid an increase in
competition from Community producers by the introduction of a diminishing fixed levy.

The Cabinet—

Took note of the statement by the Foreign and Commonwealth Secretary and of the points made in discussion.

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*3. The Foreign and Commonwealth Secretary said that, in commenting on the proposals put to the Rhodesian representatives by Lord Goodman in April, Mr. Smith, the leader of the régime in Salisbury, had indicated that he might be willing to consider making provision for constitutional progress beyond the attainment of mere parity between African and non-African representation. Although Mr. Smith would no doubt seek to attach difficult conditions to any concession of this kind, the possibility of making some progress towards a settlement seemed to justify our asking Lord Goodman to return to Salisbury for further discussions with the Rhodesian authorities; and appropriate arrangements for this purpose were now being made.

The Cabinet—

Took note of the statement by the Foreign and Commonwealth Secretary.

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4. The Cabinet considered a memorandum by the Home Secretary (CP (71) 58) dealing with three aspects of the Government's immigration policy on which decisions were required.

The Home Secretary said that during the Commons Committee Stage of the Bill an amendment had been carried which had the effect of removing the provision, approved by the Cabinet at their meeting on 5 January, whereby Commonwealth citizens with United Kingdom-born grandparents would not be subject to immigration control. Even the other "patrial concession", under which children with United Kingdom-born mothers would be exempt from such control, had been accepted only by virtue of the casting vote of the Chairman of the Committee. To try to restore the grandparental

* Previously recorded in a Confidential Annex.
concession at the Report Stage would be likely to encounter serious political opposition and might put at risk the concession relating to the children of mothers born in the United Kingdom. He had therefore concluded, with some reluctance, that we should not seek to restore the grandparental concession.

In discussion, it was generally agreed that, although no conclusive arguments had been raised against the grandparental concession, its reinstatement in the Bill was hardly feasible. Its omission, however, would be liable to provoke considerable resentment in Australia and New Zealand; and it might therefore be desirable to consider the possibility of concluding bilateral arrangements with those countries, whereby those of their citizens whose grandparents had been born in the United Kingdom would, by administrative action, be treated as if they were exempt from immigration control. It was argued on the other hand that it would in fact be impossible to give effect to such arrangements, which would in any event be open to the charge of deliberate discrimination.

The Prime Minister, summing up this part of the discussion, said that the Cabinet reluctantly accepted that we should not seek to restore the grandparental concession at the Report Stage of the Immigration Bill. The Home Secretary should discuss with the Ministers most closely concerned the feasibility of achieving by administrative measures the aims which the rejection of the grandparental concession had frustrated.

The Cabinet—

1. Took note, with approval, of the Prime Minister’s summing up of this part of their discussion.

The Secretary of State for Employment said that, despite the increase in domestic unemployment, there had been a significant increase in the employment of aliens in recent years, especially in the hotel and catering industry. The changes proposed in CP (71) 58 were designed to reverse this trend by confining work permits for semi-skilled and unskilled male aliens to individuals who were seeking seasonal jobs in the hotel and catering industries and imposing a quota on applications to fill unskilled male seasonal vacancies in these industries. His proposals would not significantly affect alien female labour; unemployment was in any case predominantly a male problem.

The Foreign and Commonwealth Secretary said that the proposal, if announced at the present juncture, might embarrass our negotiators in the present discussions on our entry into the European Economic Community (EEC). The present EEC rules provided for unrestricted entry for workers from other EEC countries; and to
announce that we were introducing measures which ran counter to the EEC obligations which we said we were ready to assume might well create difficulties.

In discussion it was emphasised that the continued expansion of the hotel and catering industry was of great benefit to our balance of payments. Despite the continued expansion of domestic training facilities for the more skilled jobs in the industry, it still needed aliens, especially for seasonal work; and measures which restricted its sources of recruitment would therefore affect its prospects adversely. So long, however, as alien labour, prepared to accept low wage rates and inferior standards of living, was available, the hotel industry would have no incentive to rectify the anomalous situation under which we imported foreign labour while paying social security benefits to our own unemployed. Even after allowance had been made for the seasonal nature of much of the work and for the fact that it was not always available in areas with the highest unemployment rates, there remained a strong case for drawing on our own unemployed, some of whom, at least, were mobile and were as well suited to the work as were the unskilled alien labour which we imported. The particular problem of the hotel and catering industry exemplified a trend, which would tend to become more marked as manufacturing industry shed its surplus manpower, for a larger percentage of the nation's employment to be found in the service industries; and it would become increasingly difficult to accept a situation in which the unemployed continued to receive unemployment or social security benefit on the grounds that their specialised industrial skills entitled them to confine their search for alternative employment to particular localities or sectors of industry in which demand for labour was continuing to shrink. The rules regulating payment of unemployment and social security benefit ought not to be so operated as to encourage a situation in which a flow of aliens was needed to meet an artificially induced shortage of unspecialised labour.

The Prime Minister, summing up this part of the discussion, said that the Cabinet were generally in favour of the restrictions on employment of aliens advocated in the Home Secretary's paper. They recognised, however, that no steps which required an announcement could be taken at the present time, in view of the possible adverse effects on the course of the EEC negotiations. They would also wish to reconsider the question of any announcement of a change of policy when the state of the EEC negotiations was clearer and in any case before the Summer Recess. There was clearly a need for a full study of the hotel and catering industry and, in particular, of its tendency to rely unduly on alien labour. This study should take into account all the factors, including those mentioned in discussion, which contributed to the anomaly under
which widespread unemployment and an increasing intake of alien labour co-existed.

The Cabinet—

2. Took note, with approval, of the Prime Minister's summing up of this part of their discussion.

3. Invited the Home Secretary to resubmit proposals for an announcement of new restrictions on the employment of aliens in due course, on the lines indicated in the Prime Minister's summing up.

4. Invited the Secretary of State for Trade and Industry, in consultation with the Secretary of State for Employment and the Secretary of State for Social Services, to put in hand a study of the hotel and catering industry, and the means whereby its tendency to rely increasingly on alien labour could be reversed; and to report the outcome to the Cabinet in due course.

The Home Secretary said that discussions with the Governments of Kenya and Uganda had resulted in an understanding on the basis approved by the Cabinet on 26 November. In return for an increase from 1,500 to 3,000 in the number of UKPH heads of household admitted to this country the two Governments would informally undertake not to prosecute UKPHs waiting in the queue for admission to the United Kingdom and also to readmit queue-jumpers. This measure, combined with a reduction in other Commonwealth immigration, should command wide support.

The Prime Minister, summing up a brief discussion, said that the Cabinet approved the Home Secretary's proposals on UKPHs. An announcement covering the UKPHs and the intended reduction in levels of other Commonwealth immigration, but excluding any reference to aliens, should be made at some convenient date in the near future. The terms and the timing of the announcement should be agreed between the Home Secretary, the Foreign and Commonwealth Secretary and the Lord President.

The Cabinet—

5. Took note, with approval, of the Prime Minister's summing up of this part of their discussion.

6. Invited the Home Secretary to arrange for the decision to be announced and implemented accordingly.

Cabinet Office, S.W.1, 13 May, 1971.