CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 20 July, 1972, at 10.30 a.m.

Present:
The Right Hon. EDWARD HEATH, M P, Prime Minister
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. 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 JELLICOE, 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
The Right Hon. LORD HAILSHAM OF ST. MARYLEBONE, Lord Chancellor
The Right Hon. WILLIAM WHITELEAV, M P, Secretary of State for Northern Ireland
The Right Hon. ROBERT CARR, M P, Secretary of State for the Home Department and Lord President of the Council
The Right Hon. GEOFFREY RIPPO, Q C, M P, Chancellor of the Duchy of Lancaster
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. MAURICE MACMILLAN, M P, Secretary of State for Employment

The following were also present:
The Right Hon. JOHN PEYTON, M P, Minister for Transport Industries (Item 7)
The Right Hon. FRANCIS PYM, M P, Parliamentary Secretary, Treasury
The Right Hon. SIR PETER RAWLINSON, Q C, M P, Attorney-General (Item 7)
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1. The Prime Minister, referring to the resignation of the Home Secretary on 18 July, said that this was the first time for many years that his colleagues, whether in Government or in Opposition, had met without having the benefit of Mr. Maudling’s wisdom and experience. The Cabinet would wish him to send Mr. Maudling, on their behalf, a message of sympathy and good wishes.

The Cabinet—

Warmly endorsed the Prime Minister’s proposal.

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

The Cabinet were informed that the White Paper “Framework for Government Research and Development”, which had been published the previous day, had been given a reasonably favourable reception by the Research Councils, although the reactions of the Press had been mixed. The Chairman of the Select Committee on Science and Technology had, however, adopted a severely critical attitude; and the Lord Privy Seal would probably receive an invitation from the Committee to give evidence on the White Paper in the following week. On balance, it would probably be unwise for such an invitation to be declined, but a point of principle appeared to be involved, namely, whether a Select Committee ought to examine a Government Minister on a White Paper before the House of Commons itself had considered it.

The Cabinet—

Invited the Lord President of the Council to consider the point of principle which had been raised; and to discuss with the Chairman of the Select Committee on Science and Technology how the matter might best be handled.

3. The Foreign and Commonwealth Secretary said that the Cabinet would have read reports to the effect that President Sadat of Egypt had requested the Soviet Government to withdraw the Soviet military advisers from that country. Neither the exact extent of this withdrawal nor the reasons for it had yet become clear. But it was known that Egyptian efforts to persuade the Soviet Government to supply weapons which would give them an offensive capability against Israel had not succeeded and that President Sadat had for some time been under pressure from his Army Commanders to remove their Soviet advisers. Moreover he probably judged that the Soviet Government were content to allow the existing stalemate in the Arab-Israel dispute to continue indefinitely, an attitude which,
for internal political reasons, the Egyptian Government could not afford to accept. He had also come under increasing pressure from other Arab States, particularly Libya and Saudi Arabia, to reduce the degree of his reliance upon Soviet support. His speech to the Arab Socialist Union on 18 July seemed to imply that the Egyptian authorities would take over bases established by the Soviet military teams for their own purposes, unconnected with the Arab-Israel dispute; and, if this proved to be so, it would constitute a very serious rebuff indeed for the Soviet Government. It seemed likely, however, that the Soviet personnel who were operating aircraft and the SAM 3 missile sites would remain in Egypt.

President Sadat’s move, which the Soviet Government had tried unsuccessfully to prevent, had been greeted with popular acclaim in Egypt. But, unless he could obtain from other sources the offensive weapons which Soviet policy had denied him, his position would inevitably become weaker; and this might lead the public to turn against him. There was little which we ourselves could do to influence the situation. There could be no question of our supplying offensive weapons, although we had already sold Egypt certain military supplies and this trade could possibly be increased. It had been the policy of the French Government since the Arab-Israel war of 1967 to refuse to supply arms to the disputants; and, although it was possible that President Sadat would be able to secure from France the arms which he needed, it was unlikely that he would be able to do so.

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

The Foreign and Commonwealth Secretary said that there had been an unfortunate Press disclosure in the Federal German Republic on the subject of Rhodesian participation in the Olympic Games which were to be held in Munich. The Federal Government had privately asked us whether, if they allowed a Rhodesian team to take part in the Games, this would constitute a breach of the sanctions against Rhodesia. We had replied in confidence that in our view it would. News of this exchange had now been made public in such a way as to suggest that we had taken the initiative in an attempt to frustrate Rhodesian participation. We were taking steps to correct this misrepresentation; and, meanwhile, the International Olympic Committee had announced that decisions on participation lay solely with them.

The Prime Minister, summing up a brief discussion, said that, in so far as we claimed that we retained jurisdiction over Rhodesia, we should be careful not to allow ourselves to be manoeuvred into a position in which we might appear to be denying British status to Rhodesian athletes. But the Cabinet agreed that the matter was not one with which Governments needed to concern themselves; if the Rhodesians wished to send a team to the Olympic Games, it
would be for the organisers of the Games to decide upon its acceptability and to stipulate conditions for its participation.

The Cabinet—

(2) Took note of the Prime Minister’s summing up of their discussion.

SECRET

4. The Chancellor of the Duchy of Lancaster said that a meeting of the Council of Foreign Ministers had been held on the previous day to review the preparations for the European Summit. The French Foreign Minister, M. Schumann, had again emphasised that a reasonable consensus was necessary about a relatively few items on which specific decisions could be taken if the Summit were to be successful and had emphasised the French Government’s concern with monetary union: without such a consensus France did not believe it would be profitable to hold a Summit. The general attitude of Foreign Ministers was however that such a consensus could be reached and planning continued on the basis that the Summit would take place on its original date. The ad hoc Group of the Permanent Representatives of the Six and the Ambassadors of the Accession countries would be meeting again at the beginning of September to continue preparations, and there would be meetings of the Finance Ministers in Luxembourg and the Foreign Ministers in Rome on 11 September. The suggestion had been made that both meetings should be held in Rome and might be followed by a combined meeting of Foreign and Finance Ministers on 12 September which could review preparations for the Summit as a whole.

The negotiations over the European Free Trade Area Non-Candidates had now almost been concluded. Agreement had been reached with Portugal over tomato puree and with the European Economic Community (EEC) on the terms of an agreement with Iceland which preserved our position in the fisheries dispute. A further meeting with representatives of the Finnish, Swedish and Austrian Governments was to be held later that day in London on paper and it was hoped that as a result final agreement would be reached on this also. Signature would then take place on Saturday although the fall of the Finnish Government, which was not connected with the negotiations over paper, might mean that Finland would for the time being initial but not sign the Agreement.

The Chancellor of the Exchequer said that the meeting of European Finance Ministers in London had been successful. This was the first time that a group of countries had agreed on their objectives over international monetary reform and was also the first time that the Finance Ministers of the enlarged EEC had met outside the territory of the Six. A number of foreign representatives had made to him the point that the balance of influence was changing in a desirable way. The Finance Ministers were also generally well disposed to the idea of a joint meeting in September between Finance and Foreign Ministers.

SECRET
The Cabinet—
Took note of the statements by the Chancellor of the Duchy of Lancaster and the Chancellor of the Exchequer.

5. The Cabinet reviewed the situation in Northern Ireland. Their discussion and the conclusions reached were separately recorded and issued 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.

6. The Secretary of State for Employment informed the Cabinet of the monthly unemployment returns to be published that day. Between the June and July counts total unemployment in Great Britain and Northern Ireland had increased from 834,000 to 868,000; excluding school leavers and adult students the number had fallen by 1,000. The number of unfilled vacancies had decreased slightly. Although the trend varied between regions, it appeared that the falling trend of totally unemployed had now slowed down.

In discussion renewed concern was expressed about the form of public presentation of the monthly unemployment figures. Even though adult students were now excluded from the totals there were other categories registered as unemployed who were not in fact seeking full-time employment on a permanent basis, for example men who were over 60 and retired, and whom it was therefore misleading to show as unemployed. It might also be possible at the same time to show separately those who had been wholly unemployed for less than four weeks. On the other hand, it was not possible to change the total number on the Register without also making changes in the National Insurance Register. The importance of improved presentation was, however, increased by the risk that the number of students registering as unemployed might rise substantially once it became generally realised that students were able to register on a temporary basis.

The Prime Minister, summing up the discussion, said that the present emphasis on the total numbers wholly unemployed created a misleading impression and every effort must be made to improve the public presentation of the monthly count. It would be desirable that the basic figure published should show those who were genuinely seeking permanent employment, that attention should be concentrated on this to the maximum extent possible and that other categories should be shown separately. The Lord President and the Secretary of State for Employment should consider ways in which this might be done, starting with the August count.
The Secretary of State for Employment said that the Ministerial Steering Committee on Pay Negotiations would, later that day, be considering the dispute over the pay of National Health Service (NHS) electricians, who had refused earlier that week to co-operate in a court of inquiry unless the Government was first prepared to meet their current pay claim in full. The electricians had given notice of strike action to start from 26 July. There were, however, indications that the union concerned, the Electrical and Electronic Trade Union (EETU) would accept a court of inquiry if the present link with rates in the electrical contracting industry generally were maintained for one further year. This merited serious consideration since the EETU were led by one of the more moderate union leaders, whose support in the tripartite discussions with the Confederation of British Industry and the Trades Union Congress on the control of wage inflation would be valuable. On the other hand, maintaining the link would involve an increase of £2.60 a week, which would have serious repercussions for the negotiations for other public sector employees, the industrial Civil Service being most immediately affected. In the event of a strike it should be possible to keep electrical services at hospitals running at a tolerable level for 6 to 8 weeks, unless other NHS workers or the supervisory staff took sympathetic action.

The Lord Privy Seal said that the unions representing the industrial Civil Service would be meeting later that day to consider the Government's offer of arbitration, which they would probably formally reject. He would know the outcome the following week and it was not impossible that, despite their rejection, they might be willing in the last resort to consider some form of arbitration or inquiry. In the meantime it was unlikely that there would be more than sporadic and local industrial action.

The Secretary of State for Employment said that in answering an arranged Question in the House of Commons on the Windeyer Report on lead poisoning amongst workers employed by Rio Tinto Zinc at Avonmouth, which would be published on 26 July, he would bring out the fact that no case of such poisoning had been discovered which would constitute a lasting danger to health. Any legislation which became necessary as a consequence of the report could no doubt be subsumed in the legislation needed to give effect to the recommendations of the Committee on Safety and Health at Work under Lord Robens.

The Cabinet—

Took note of the statements by the Secretary of State for Employment and the Lord Privy Seal.
7. The Cabinet had before them a note (CP (72) 81) by the Secretary of State for Employment covering a memorandum on the docks dispute which he and the Minister for Transport Industries had circulated to the Ministerial Committee on Economic Policy.

The Chancellor of the Exchequer said that the Ministerial Committee on Economic Policy (EPC) had that morning discussed the recommendations likely to be made in the interim report of the Committee under the chairmanship of Lord Aldington and Mr. Jack Jones which was considering the problems of container work, the temporarily unattached register (TUR) and other related matters. The Joint Chairmen had indicated that they would be recommending measures to eliminate the TUR by improved severance pay, coupled with some temporary work sharing which they believed necessary to avert a national dock strike. On work sharing the Aldington/Jones Committee envisaged that the reallocated dockers would be paid full wages subject to some form of wage sharing: this might cost from £2-6 million to £5 million for six months. Any consequential increase in the levy payable by employers to the National Dock Labour Board (NDLB) would in the Committee’s view be too much for the industry to bear, and they sought Government help. On severance pay, the Committee proposed that for a limited period, say until the end of the year, the maximum entitlement of dockers who were not fully fit or who were over 55 should be increased from £2,300 to £3,800, and that the minimum severance entitlement for all dockers should be raised to £1,500. They thought that some 2,500 dockers might take advantage of these terms, at a total cost of about £4½ million. The Ministerial Committee on Economic Policy accepted that some temporary work sharing was a necessary (though regrettable) step, but agreed that the Government could not give it overt financial support. The Government’s aim should be to find a lasting solution by running down the industry’s labour force; and the Government’s financial contribution should be directed to a once-for-all attempt to increase the number of unfit and older men leaving the industry. They should not finance increases in the minimum severance pay for fit dockers. EPC agreed with the Secretary of State for Employment’s proposal that, in order to give the severance offer the greatest impact and avoid increasing the levy, he should be given discretion to offer that the Government would, for a period of six months, finance the total cost of severance pay to unfit dockers and those over 55, and that the maximum payment for men in each category should be £4,000. This offer would be conditional on no official, or widespread unofficial, strike action taking place. There were no specific powers under which the Government could make a grant for this purpose to the NDLB; but as the proposal was for an emergency scheme for a limited period, it would be possible to proceed by way of a vote Estimate. A continuing scheme would need legislation. The cost and extent of this assistance would depend partly on the number of men who took advantage of the scheme, and partly on the amount needed to avoid increasing the levy; it might be as much as £10 million. The Joint Committee were
due to publish their report on the afternoon of 24 July, and on the following day the Secretary of State for Employment proposed to announce to Parliament details of the Government’s financial contribution.

The Secretary of State for Employment said that the London Docks that morning were nearly at a standstill through unofficial action both by lorry drivers against the docks and by the dockers against container depots. If this were to continue much longer, the future of some firms would be at risk. Against this background, he considered that there was added merit in the proposal to do away with the TUR: the removal of a pool of surplus labour would lessen the demand to extend the area of docks work and remove pressure from the dockers’ side in the container dispute.

In discussion it was agreed that the financial contribution proposed would be a valuable step towards ending the dock labour scheme and bringing about the prospect of permanent employment for dock workers. It was moreover the only prospect of averting a national dock strike; and if after all a strike were called, the generosity of this offer should create a climate of opinion favourable to the Government. The increases to the Joint Committee’s recommended maximum payments that were now proposed would offset the requests for financial assistance in work sharing and severance for fit workers, which the Government were not prepared to concede. On the other hand, it was important that the Government’s help should not be presented in a way which might seem a precedent for other industries, particularly the mining industry and the railways, which were also running down their work force. It must be represented that the dockers were a special case, because they were outside the national redundancy scheme, and because the rate of rundown had been exceptionally severe; and care should be taken when emphasising the generosity of this offer in order to encourage a good response from dockers affected to avoid stimulating demands from other industries for comparable treatment.

The Prime Minister, summing up the discussion, said that the Cabinet approved the proposal that the Secretary of State for Employment should have discretion to offer a financial contribution from the Government covering the total cost of severance pay to unfit dockers and to those aged over 55, on condition that the national dock strike was called off. He should consult the Lord President and other Ministers concerned about the statement he would be making to Parliament and should do everything possible to see that the Government’s offer was presented in a way which would minimise the risk of its being used as a precedent for other industries.

The Cabinet—

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

CONFIDENTIAL
(2) Invited the Secretary of State for Employment, in consultation with the Lord President of the Council, to announce to Parliament the terms of the Government's financial contribution to the National Dock Labour Board.

8. The Cabinet considered memoranda by the Secretary of State for Social Services (CP (72) 79) about Reorganisation of the National Health Service in England and by the Secretary of State for Wales (CP (72) 80) about Reorganisation of the National Health Service in Wales.

The Secretary of State for Social Services said that in the light of comments on the Consultative Document on National Health Service (NHS) Reorganisation in England which he had issued in May 1971 he was now ready to publish a White Paper announcing the Government's decisions. The administrative pattern described in the Consultative Document would, in general, be reaffirmed. Long negotiations, which were continuing, had been held with the Teaching Hospitals Association in order to allay the anxiety they felt about the loss of the teaching hospitals' independence and he had in mind a number of safeguards which he proposed to suggest in his further negotiations.

He proposed that the number of local authority members on each Area Health Authority (AHA) should be four. The primary purpose was to include on the AHA some members active in and knowledgeable about the management of closely related local Government services. Four members would be sufficient to allow for the inclusion of members with knowledge of the personal social services, education and other relevant services and of the local authority's general policies. These members would not be on the AHA to represent the views of the public; that would be the function of the representatives of the district councils and voluntary organisations who would sit on the community health councils. The local government interests might argue that four members was not enough. Any increase would, however, overweigh the local authority's influence on the AHA's financial and other decisions; would destroy a proper balance in the composition of the AHA, unless the total number of members were increased to an undesirable extent; and would be strongly resisted by many individuals working in and associated with the NHS who were hostile to local authority party politics exercising too great an influence over the operation and development of the NHS. He proposed to make a number of textual amendments to the draft White Paper in order to demonstrate that the Government had had the interests of patients very fully in mind in reaching decisions on the new administrative structure; and this would be a point which would be stressed in presenting the proposals. He sought agreement to the publication of the White Paper on Tuesday, 1 August, subject to final confirmation of this date with the Lord President of the Council nearer the time.
The Secretary of State for Wales said that his draft White Paper reaffirmed the proposals of the Consultative Document on NHS Reorganisation in Wales issued in June 1971 and were complementary to that in respect of England. The administrative pattern would be essentially the same, after allowing for the smaller scale which made it unnecessary to interpose a Regional Health Authority between the eight AHAs and the Welsh Office; but there would be an agency, the Welsh Health Technical Services Organisation, which would be responsible for certain specialist functions although not for general oversight. The proposal in the Consultative Document to set up a new advisory Welsh Health Council had been dropped in favour of continuing to rely as necessary on the existing Welsh Council, but it might be necessary to review this arrangement when the Commission on the Constitution reported. He strongly supported the proposal made by the Secretary of State for Social Services that the number of members appointed by local authorities to the AHAs should not exceed four. He proposed to arrange for the White Paper to be published on Thursday, 3 August.

In discussion it was argued that the local authorities would be strongly opposed to the number of their appointees on the AHAs being confined to four. This was less than the number proposed by the previous Administration and fell far short of the degree of local authority participation advocated by the Conservative Party when in Opposition. It would be undesirable if the sincerity of the Government's declared intention to devolve more responsibility to local authorities were put in question and the goodwill of local authorities forfeited because we insisted on a rigid restriction on the number of members they would be entitled to appoint. Such a restriction would by no means guarantee that the AHA would be any more competent and efficient; would cause resentment disproportionate to the likely benefits; and would be seriously embarrassing. The minimum number of members likely to be acceptable to the local authorities was five.

On the other hand, it was argued that, although the number of local authority members had not been proposed in the Consultative Documents, the local authorities were already aware that the views expressed by the Conservative Party in Opposition had been modified by the Government and if a further change were now made the Government would be accused of vacillation. The medical profession, which was somewhat dissatisfied with the proposed reorganisation, would probably not press their arguments for an increased number of doctors and nurses on the AHAs if the local authority members did not exceed four. But if this number were increased there would be strong pressure for wider changes to be made. The result might well be the destruction of the prospects which now existed for the formation of a board consisting of members whose direct allegiance would be to the AHA. A cohesive and loyal board was of considerable importance to the NHS organisation, particularly since it was entirely financed from central Government funds. Any concession made to the claims of the local authorities would be against the general interests of the NHS.
The Prime Minister, summing up the discussion, said that the Cabinet approved the draft White Papers on National Health Service Reorganisation. The question of an increase in the local authority representation on the Area Health Authorities could then be reconsidered in the light of the representations which were bound to be made; if concessions proved to be necessary, they might have to be made both to the local authorities and to the medical profession. In the presentation of the proposals the benefits of the new organisation for patients should be emphasised.

The Cabinet—

(1) Approved the draft White Papers on National Health Service Reorganisation attached to CP (72) 79 and CP (72) 80, subject to the textual amendments to which reference was made in the discussion.

(2) Invited the Secretary of State for Social Services and the Secretary of State for Wales to arrange for publication of the respective White Papers on 1 August and 3 August, subject to final confirmation of these dates with the Lord President of the Council nearer the time.

Cabinet Office,