CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 8 MARCH 1973
at 11.00 am

PRESENT

The Rt Hon Edward Heath MP
Prime Minister

The Rt Hon Sir Alec Douglas-Home MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon William Whitelaw MP
Secretary of State for Northern Ireland

The Rt Hon Robert Carr MP
Secretary of State for the Home Department

The Rt Hon Sir Keith Joseph MP
Secretary of State for Social Services

The Rt Hon Margaret Thatcher MP
Secretary of State for Education and Science

The Rt Hon Peter Walker MP
Secretary of State for Trade and Industry

The Rt Hon The Earl Jellicoe
Lord Privy Seal

The Rt Hon Maurice Macmillan MP
Secretary of State for Employment

The Rt Hon Lord Hailsham of St Marylebone
Lord Chancellor

The Rt Hon Lord Carrington
Secretary of State for Defence

The Rt Hon James Prior MP
Lord President of the Council

The Rt Hon Geoffrey Rippon QC MP
Secretary of State for the Environment

The Rt Hon Gordon Campbell MP
Secretary of State for Scotland

The Rt Hon John Davies MP
Chancellor of the Duchy of Lancaster

The Rt Hon Peter Thomas QC MP
Secretary of State for Wales

The Rt Hon Sir Geoffrey Howe QC MP
Minister for Trade and Consumer Affairs
THE FOLLOWING WERE ALSO PRESENT

- The Rt Hon John Peyton MP
  Minister for Transport Industries (Item 6)
- Mr Tom Boardman MP
  Minister for Industry (Items 6 and 7)
- Mr Patrick Jenkin MP
  Chief Secretary, Treasury
- The Rt Hon Francis Pym MP
  Parliamentary Secretary, Treasury

SECRETARIAT

- The Rt Hon Sir Burke Trend
- Mr H F T Smith
- Mr P Benner
- Mr J Anson
- Mr I T Lawman
- Mr H F Ellis-Rees
- Mr R J O'Neill

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

An understanding had now been reached with the Opposition in the House of Lords as a result of which the Counter-Inflation Bill would complete all its stages in that House by 19 March.

2. The Cabinet were informed that there was considerable public and Parliamentary concern about the proposal by the Building Societies to increase to 9 per cent the rate of interest charged to borrowers. It was understood that they contemplated a further increase to 9 1/2 per cent shortly thereafter; and there appeared to be some pressure for the rate to be fixed at the higher figure at once. Such action was clearly premature and unjustified, particularly because the measures to encourage personal savings which had been announced by the Chancellor of the Exchequer in his Budget statement would not have an immediate effect on the volume of funds deposited with Building Societies by investors. In these circumstances an increase in the rate of interest charged by the Societies, by inflating house prices, would be damaging to the Government's counter-inflationary policies. It would therefore be desirable that the Secretary of State for the Environment and the Chief Secretary, Treasury, should urge the Building Societies forthwith to refrain from making any immediate increase in the rate of interest charged to borrowers. If, however, they could not be wholly dissuaded, they should be very strongly advised to ensure that the new rate would not exceed 9 per cent.

The Cabinet -

Invited the Secretary of State for the Environment and the Chief Secretary, Treasury, to proceed accordingly.
3. THE HOME SECRETARY said that the Home and Social Affairs Committee had recently considered the attitude to be adopted by the Government in the House of Commons during the debate on the Second Reading of the National Health Service Reorganisation Bill in the following week, following the deletion from the Bill by the House of Lords of any power to charge for family planning, even by way of the ordinary prescription charge. The result would be to increase expenditure by about £16 million a year after some four years, in addition to the extra £17 million a year for improved family planning services which the Secretary of State for Social Services had announced in December of the previous year. The annual figure of £16 million would be reduced to £13 million if ordinary prescription charges were imposed instead of the special charges envisaged in the Bill as originally introduced. The Home and Social Affairs Committee had considered that on merits a further extension of the service did not command high priority. But the present climate of opinion amongst Government supporters - as evidenced by the well-supported Early Day Motion, urging the provision of comprehensive family planning and birth control services as a normal part of the National Health Service - was such that it was unlikely that the Government would be able to secure the reinstatement of the charging powers deleted by the House of Lords. In these circumstances, the Committee had concluded that, while it would be right (and would probably be acceptable to the Government's supporters) to propose an amendment providing for the levying of ordinary prescription charges, it would be unwise to go further. The Secretary of State for Social Services would indicate in the debate that the additional expenditure would have to be met either by a reduction in expenditure in other areas (which, to the extent that the health services were involved, would imply the abandonment or postponement of parts of agreed programmes) or by an increase in either National Health Service charges or the Health Service element in the weekly National Insurance contribution.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that, although on merits there was little case for a further expansion of the service, it would on political grounds be impracticable to seek to reinstate the charging powers deleted by the House of Lords. It was clearly right, however, that family planning should be subject to the prescription charges which applied to the rest of the National Health Service; and an amendment to this end should accordingly be tabled. The Secretary of State for Social Services should indicate to the House of Commons that, in order to meet the additional expenditure it would be necessary either to restrict other programmes in the health field or elsewhere or to increase either prescription charges or the Health Service element in the weekly National Insurance contribution. He should discuss with the Chief Secretary, Treasury, which of these methods was preferable and should submit proposals to the Cabinet in due course.
The Cabinet -

Took note, with approval, of the Prime Minister’s summing up of their discussion and invited the Secretary of State for Social Services and the Chief Secretary, Treasury, to proceed accordingly.
4. THE CHANCELLOR OF THE DUCHY OF LANCASTER said that there was a meeting of the Council of Ministers (Finance) of the European Economic Community (EEC) in Brussels that day, which the Chancellor of the Exchequer was attending, in order to discuss the policy which the EEC should adopt in the present international currency crisis. There was to be a further meeting on Sunday 11 March.

At the meeting of the Council of Ministers (Foreign Affairs) on 5 March there had been a general discussion of the series of agreements which it was proposed that the EEC should conclude with countries bordering on the Mediterranean. These agreements were of significance for the EEC's external relations generally. If reverse tariff preferences were required from the countries concerned, this would cause offence to the United States and could adversely affect the prospects for the multilateral trade negotiations which were to be begun later in the year. The agricultural provisions of the agreements would also have implications for the EEC's relations both with the developing countries already associated with the Community and with those Commonwealth countries which might seek Association. Moreover, a premature decision to give particular aid to the Mediterranean countries could prejudice the comprehensive aid policy, based on concentrating help where it was most needed, which we wished to see the EEC adopt. It was therefore important that the series of Mediterranean agreements should accord with the external policy which we hoped that the enlarged EEC would develop rather than simply reflect the traditional relationships of the former Community of Six. The Foreign and Commonwealth Secretary had accordingly proposed that the EEC Commission should draw up proposals which might form the basis of an appropriate EEC offer to each of the Mediterranean countries.

The Commission were also to produce by the middle of April a draft mandate which would form the basis for the Community's negotiating position in the forthcoming multilateral trade negotiations. This document would need to take account of the critical importance of the United States in these negotiations and to reflect recent exchanges between EEC Ministers and the United States Administration, including the Prime Minister's discussions with President Nixon at the beginning of February.

The timetable proposed for agreeing and announcing EEC agricultural prices for 1973-74 was relevant to the Government's counter-inflationary policy. It was intended that the EEC Commission should put forward proposals for these prices on 22 March, that they should be considered by the Council of Ministers (Agriculture) on 26-27 March and on 16-17 April and that they should be announced on 18 April.
The Cabinet -

Took note of the statement by the Chancellor of the Duchy of Lancaster.
5. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that several members of the Provisional Irish Republican Army had been arrested in the course of the past week; and some arms had been recovered. But there were grounds for concern about the continuing loss of arms held by members of the Ulster Defence Regiment, who appeared to put up little resistance when confronted by terrorists. A draft Order in Council amending the Firearms Act (Northern Ireland) 1969 and imposing more stringent controls on the possession of licensed weapons would shortly be made; and further efforts were in train to persuade registered arms dealers to place their stocks of weapons voluntarily in the hands of the police.

The Border Poll which was taking place that day would probably be the occasion for some violence; but the security forces were making a maximum effort to contain it. The result of the Poll should be available on 9 March.

THE PRIME MINISTER informed the Cabinet that he would be opening discussions that afternoon with Mr Cosgrave, the Leader of the Fine Gael Party in the Irish Republic, who was succeeding Mr Lynch as Prime Minister. Mr Cosgrave would be accompanied by Mr Corish, the Leader of the Irish Labour Party, who was to be Deputy Prime Minister in the new Coalition Government. He hoped, in the course of these discussions, to engage in a general review of Irish questions of common concern to the two Governments and to obtain a reaction to the proposals which would shortly be appearing in our White Paper on constitutional reform in Northern Ireland.

The Cabinet -

Took note of the statements by the Prime Minister and the Secretary of State for Northern Ireland.
6. THE MINISTER FOR INDUSTRY said that, at the meeting of the National Joint Industrial Council for the gas industry on the previous afternoon, which had been convened to discuss the threat by the gas unions to cut off town gas supplies to domestic consumers unless the British Gas Corporation (BGC) agreed to start cutting off natural gas supplies to industrial consumers, the BGC had put forward proposals which were intended to resolve the dispute. The BGC had not changed the terms of the offer of increased pay; but they had proposed that there should be no compulsory redundancy in the gas industry before 1 October 1973, that there should be negotiations about a new pay structure in the industry and that there should be improvements in the pensions arrangements, including a revaluation of the pensions fund and an adjustment of the level of contributions. He had been assured by the Chairman of the BGC that there was nothing in these proposals which was contrary to the Pay Code or would bring the total cost above that permitted by the pay limit. The union leaders themselves had reacted favourably to the proposals and now proposed to submit them, albeit without endorsement, to a delegate conference of the General and Municipal Workers' Union (GMWU) on the following day, after seeking the support of the union's representatives in the regions. If the delegate conference supported the proposals, they would be further considered by the GMWU Executive Committee on the following Monday. The union leaders had agreed that they would instruct their members that there should be no increase in the scale of industrial action in the meantime; and they understood that implementation of the BGC's offer was conditional upon the ending of all industrial action. If the offer was rejected, a rapid escalation of industrial action could be expected. The Chairman of the BGC had asked that his earlier request that the Government should take Emergency Powers should be held in abeyance until the outcome of the unions' consideration of the offer was known.

THE MINISTER FOR TRANSPORT INDUSTRIES said that the situation on the railways caused by the industrial action being taken by the Associated Society of Locomotive Engineers and Firemen (ASLEF) was now serious. Widespread action, which had clearly been deliberately planned and was more extensive than in the previous year's dispute, had been taken on the previous day by drivers employed in the Southern Region without any advance notice. There would be insufficient time between the national strike by ASLEF on that day and the further national strike to be held on the following Sunday to enable the British Railways Board (BRB) management to secure a resumption of normal working throughout the system; and by the following Monday there would be
a substantial accumulation of delayed freight traffic and, probably, widespread disorganisation of rail services generally. Only 50 per cent of the normal amount of oil traffic had been carried on the previous day; and coal stocks would start to accumulate at pitheads by the following day. The difficulties were being exacerbated by a shortage of empty coal wagons and of steel wagons. The Chairman of BRB was anxious to avoid any action which would be liable to aggravate the situation. But the behaviour of ASLEF officials, who were encouraging their members to increase the level of their non-co-operation at a time when discussions were taking place between the BRB and the unions, was working in the opposite direction. The Metropolitan Police were making their customary arrangements to facilitate the movement and parking of vehicles in London.

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the impact of the industrial action by the National Health Service (NHS) ancillary workers continued to vary from place to place. The difficulties in hospital laundries were being overcome by a variety of measures, including the use of disposable linen. The leaders of the unions concerned were clearly searching for some means of bringing the industrial action to an end and were trying, with mixed success, to fulfill their undertaking to keep essential services in hospitals in operation. The unions appeared unwilling themselves to put their case to the Pay Board, on the grounds that this would be in breach of the resolutions adopted by the Special Congress of the Trades Union Congress (TUC) earlier that week. But they seemed willing to co-operate if a reference to the Pay Board were made by the Management Side. In these circumstances the Government would be wise to continue to avoid showing undue concern about the situation and to allow the pressures of adverse publicity to have their effect on the unions. It had proved possible so far to avoid informing the NHS electricians that their pay settlement would have to conform to the pay limit.

THE MINISTER FOR INDUSTRY said that, although the National Coal Board's (NCB) negotiators had maintained a firm attitude in the face of pressure from the National Union of Mineworkers (NUM) that miners should be granted an extra week's holiday, the Chairman of the NCB had disclosed publicly that he would have been willing to make this concession if he had been free to do so. Even so, the NUM might not decide to take industrial action when the Executive Committee next met on 16 March, since they would be entitled to a substantial pay increase within the pay limit and would not be anxious to jeopardise the new redundancy arrangements.
THE SECRETARY OF STATE FOR THE ENVIRONMENT said that there appeared to be a growing risk that industrial action among the manual workers in the water industry would spread after the next negotiating meeting to be held on 14 March.

THE LORD PRIVY SEAL reported on industrial action in the Civil Service. His report is recorded separately.

In discussion the following main points were made -

a. The intensification of industrial action by members of ASLEF and the attitude of the union leaders representing NHS ancillary workers demonstrated the adverse effect which the resolutions adopted at the TUC Special Congress would have on industrial relations generally. Union leaders would now be bound to find it harder to resist pressure from militant elements. The wording of the resolutions was so imprecise that it was possible to claim that unions should refuse to avail themselves of the services of the Pay Board.

b. The fact that there were no longer strikes at the Ford Motor Company's works demonstrated the wisdom of adopting a firm attitude in the face of pressure by militants, whom concessions would be unlikely to influence in any way.

c. There was increasing criticism among the Government's supporters about the apparent unwillingness on the part of the authorities to make use of the large number of members of the public who had volunteered to help in hospitals. It was far from clear that the ancillary workers were engaged in tasks which volunteers would be unable to perform. On the other hand there was a serious risk that, if volunteers were used, the unions would withdraw their undertaking to keep a minimum of essential services in operation.
d. The arbitration award to the NUM had been confined to the narrow point that the five rest days granted under the Wilberforce settlement did not constitute a third week's holiday. It had not been concerned with the separate issue whether the miners were entitled to three weeks' holiday.

e. Continued efforts should be made to ensure that the publicity for industrial disputes was presented by the media without bias.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that the question of the need for Emergency Powers in relation to the dispute in the gas industry should be held in abeyance until the outcome of the GMWU delegate conference on the following day was known. The Secretary of State for Employment should seek from the General Secretary of the TUC clarification of the question whether the resolutions passed by the TUC Special Congress earlier that week were intended to preclude any approach by the unions to the Pay Board. The Lord Privy Seal should arrange for the Civil Contingencies Unit to give further consideration to the possibility of using volunteer workers to replace NHS ancillary workers, particularly in hospital laundries.

The Cabinet -

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

2. Invited the Secretary of State for Employment to consult the General Secretary of the Trades Union Congress about the meaning of the resolutions passed by its Special Congress, as indicated in the Prime Minister's summing up of their discussion.

3. Invited the Lord Privy Seal to arrange for the Civil Contingencies Unit to consider further the use of volunteers in hospitals.
7. The Cabinet considered a memorandum by the Secretary of State for Trade and Industry (CP(73) 22) about the reorganisation of the nuclear design and construction industry.

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that at their previous discussion on 19 February the Cabinet had considered his proposal that the industry should be reorganised by the creation of a new company, in which the General Electric Company (GEC) would have the leading role, in replacement of the two existing consortia. The main points on which concern had been expressed were the extent of the Government's control over the new company, the manner in which this control should be exercised and the role which the company would play in nuclear research and development. As regards the first of these issues it was clearly essential that the Government should control the strategy of civil nuclear policy, including the critical decisions on such matters as the choice of reactors, the broad lines of research and development and the rights to the technology of the Atomic Energy Authority (AEA). GEC must be given clear responsibility, however, for management and marketing. The Government's control would be supported by advice from the proposed Nuclear Power Advisory Board; but they should also reserve special rights over the new company's policies on purchasing, the formation of overseas links, issues relating to research and development affecting the AEA, alteration in share capital and (if the company were not to be a subsidiary of GEC) ultimate control of the management.

Alternative proposals for the structure of the new company were set out in CP(73) 22. There was a choice between giving GEC a majority shareholding or a minority shareholding coupled with a management contract. It would be important to strike the right balance between protecting the public interest and ensuring that GEC would be fully committed to the new venture. There were strong arguments for giving GEC a majority holding in the company, subject to the proposed safeguards; but it would be possible to explore with them an alternative arrangement under which they would have a minority stake in the undertaking. As regards research and development the new company must play a major part, in view of the lack of commercial orientation which characterised the existing structure. For this purpose it should be a function of the company to formulate proposals for the Government to consider on the basis of advice from the Nuclear Power Advisory Board.

In discussion the Cabinet were informed that the AEA accepted the need for strengthening and reorganising the design and construction industry. They were mainly concerned that the position of the members of the two existing design and construction consortia
should be adequately safeguarded; and this condition appeared to be satisfied by the proposals in CP(73) 22. Sir Arnold Weinstock, the Managing Director of GEC, had confirmed that GEC were now prepared to be accommodating on such issues as the size of their shareholding in the new company; that they would concentrate adequate financial and management resources on the nuclear design and construction industry; and that they would give it preference over their interests in other enterprises. They would also be willing to collaborate fully with the AEA in research and development, to which they themselves were already devoting substantial resources. They recognised that the choice of nuclear systems would be a matter for final decision by the Government, in the light of advice from the Nuclear Power Advisory Board. Sir Arnold Weinstock had maintained that, until the British steam generating heavy water reactor (SGHWR) had been proven in commercial use, its export prospects could not compare with those of the light water reactors developed in the United States, in spite of the doubts entertained about the latter's safety. This issue, however, could not be resolved until the SGHWR had been brought into use. Sir Arnold also recognised that the fast breeder reactor offered the best prospects for the longer-term future; and GEC would pursue the development of this system vigorously.

In further discussion it was suggested that it might be desirable to explore the possibility of limiting the GEC stake to a minority holding, coupled with a management contract. The Cabinet could then take a final decision between this and the alternative approach, involving a GEC majority holding, when they knew in more detail the terms and conditions involved on each of the two hypotheses. It would be important to avoid exposing the Government to political criticism that their proposals would be unduly favourable to GEC, even though an arrangement involving a management contract could also be politically controversial in terms of the level of the management fee.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that the Secretary of State for Trade and Industry should now open negotiations with GEC and the other parties concerned in order to promote a reorganisation of the nuclear design and construction industry on the basis of a private sector company led by GEC. These negotiations should include an exploration of the possibility of limiting the GEC stake to a minority holding, as suggested in paragraph 5 of CP(73) 15. The Cabinet would take a final decision on the structure of the company in the light of the outcome of the exchanges with GEC.
The Cabinet -

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

2. Invited the Secretary of State for Trade and Industry, in consultation with the Secretary of State for Defence and the Chancellor of the Duchy of Lancaster, to initiate negotiations on the lines indicated in the Prime Minister's summing up of their discussion and to report the outcome to the Cabinet as soon as possible.

8. The Cabinet considered a memorandum by the Secretary of State for the Home Department (CP(73) 29) about the remuneration of members of regional councils in Scotland.

THE HOME SECRETARY said that the Ministerial Committee on Regional Policy and the Environment had considered on 21 February a proposal that regional councillors in Scotland should be remunerated by way of a salary rather than attendance allowances. The Royal Commission on Local Government in Scotland had unanimously recommended that salaries should be paid to all councillors. Proceedings on the Local Government (Scotland) Bill had shown a strong degree of support for this view from Scottish Members of Parliament, including some of the Government's supporters; and it seemed likely that, either in the Scottish Standing Committee or in the House of Lords, amendments to provide salaries at least for regional councillors would be carried against the Government. On the other hand when local government in England and Wales was reorganised, the Government had maintained that, in principle, service on a local authority should be voluntary and not salaried; and several members of the Committee had felt strongly that to concede the principle of salaried service even for regional councillors would establish an unfortunate precedent, which would lead by degrees to a fundamental change in the character of local government. But opinion in the Committee had been divided; and in view of the political importance of the question at issue, it had been necessary to refer it to the Cabinet.

THE SECRETARY OF STATE FOR SCOTLAND said that, although at the time when the policy for England and Wales was under review little support had been evinced in Scotland for the concept that local government service should be salaried, there would now be sustained pressure from Scottish Members of all Parties in its favour. To resist it would stimulate nationalist sentiment and forfeit much of
the goodwill which the Government had so far acquired by the manner in which they had dealt with the Local Government (Scotland) Bill. The Royal Commission had been partly influenced in their recommendation by the size of the Scottish regions and the consequent demands which would be made on regional councillors; and there were good grounds for distinguishing them in this respect from district councillors or members of the new English and Welsh authorities. Moreover, the proposed change need not cost more than a system of attendance allowances, since it would be realistic to fix the level of salaries by reference to the cost of attendance allowances for a normal number of meetings. There was already a tendency among members of local authorities in Scotland to proliferate meetings in order to qualify for higher allowances; and the payment of salaries should therefore encourage efficiency and, possibly, even save money.

In discussion there was a wide measure of support for the view that the proposal to pay salaries to councillors would set an undesirable precedent in a field which had traditionally been regarded as appropriate for voluntary service. Even the differentiation between regional and district councillors in Scotland might, over time, prove difficult to sustain; and outside Scotland pressure would develop for salaries to be paid in respect of service not only on local authorities but on the magistracy, health authorities and other public bodies as well. Such a change might well be unwelcome to the general body of ratepayers; and it would be uncharacteristic of a Conservative Administration to promote such a wholesale erosion of the principle of voluntary service. Moreover, the Royal Commission had addressed themselves only to the situation in Scotland: but it was doubtful whether the demands on regional councillors would be significantly heavier than, for example, those on members of the Greater London Council or the new metropolitan boroughs. The present system of allowances in Scotland, which was based on claims for individual expenses, might be widely abused; but attendance allowances on the pattern now proposed would enable members of local authorities to receive reasonable recompense for the duties which they actually discharged, whereas a salary would provide no incentive to efficiency and would be open to abuse of a rather different kind. At present many members of local authorities did not claim allowances; and salaried service at a comparable rate would be bound to be more expensive. If the practice were to extend to local authorities in England and Wales, the total cost might be of the order of £10 million a year; and its introduction in present circumstances might give rise to criticism in the context of the Government's counter-inflationary policies.
THE PRIME MINISTER, summing up the discussion, said that the Cabinet, while recognising the difficulties which the Secretary of State for Scotland faced in Parliament, considered that the proposal to pay salaries to councillors in Scotland was undesirable in principle and would create an unfortunate precedent for other parts of the United Kingdom. For this reason they could not accept the argument that, if Scottish Members were to vote in favour of such a proposal it would be inappropriate for the Government to rely on the votes of English and Welsh Members to restore the position. In the light of the Cabinet's decision, the Secretary of State should now consult the Lord President, the Lord Privy Seal and the Chief Whip about the most appropriate means of dealing with the question in Parliament.

The Cabinet -

Invited the Secretary of State for Scotland, in consultation with the Lord President of the Council, the Lord Privy Seal and the Parliamentary Secretary, Treasury, to ensure that the Local Government (Scotland) Bill was not amended to provide for the payment of salaries to councillors.
9. THE SECRETARY OF STATE FOR SCOTLAND said that those within the Scottish Trades Union Congress who sympathised with the Clydebank local authority had made it clear that they were unwilling to pay any further fine imposed by the Court of Session as a result of Clydebank's failure to comply with the Interim Order for specific performance made by the Court; and in these circumstances the Clydebank authority were no longer refusing to implement the Housing Finance Act. Three of the four minor local authorities still in default had also capitulated; and the revolt by Scottish local authorities against the Act was now virtually at an end.

The Cabinet -

Took note, with approval, of the statement by the Secretary of State for Scotland.

Cabinet Office

8 March, 1973
THE LORD PRIVY SEAL said that the Civil and Public Services Association (CPSA) had instructed 25 clerical staff and machine operators, who were employed in operating the computer engaged in the preparations to introduce Value Added Tax (VAT), to strike from midnight on the previous night until 16 March, during which time they would apparently receive strike pay from the Association. This action would prevent the operation of the computer; but, although it would initially disrupt the administration of VAT, it would not prevent the introduction of the tax on 1 April.

International Computers Limited were unwilling to undertake the work in view of the risk that their staff would become involved in the dispute; but it would probably be possible to recruit non-union volunteers from among the Customs and Excise staff to undertake it. The CPSA had threatened, however, to regard such action as provocative and, if it were taken, to withdraw 1,000 other Customs and Excise staff for an extended period. The Commissioners of Customs and Excise proposed to adopt a robust attitude towards the strikers but would take no action until the Civil Service Department had carried out an urgent review of the situation throughout the Service. There were reports that other strikes by CPSA members would take place during the following week at a number of locations, including the St Stephen's Press, some offices of the Department of Health and Social Security and the Department of the Environment and at premises occupied by computers used by the Department of National Savings and the Ministry of Defence. He hoped very shortly to be in a position to consult the Ministers most closely concerned about the action which would need to be taken. The attitude in other unions appeared to be less militant than that in the CPSA.

The Cabinet -

Took note of the statement by the Lord Privy Seal.

Cabinet Office

9 March 1973