CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 24 MAY 1973
at 11.15 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 Anthony Barber MP
Chancellor of the Exchequer

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 Maurice Macmillan MP
Secretary of State for Employment

The Rt Hon Lord Hailsham of St Marylebone
Lord Chancellor

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 Peter Thomas QC MP
Secretary of State for Wales

The Rt Hon Joseph Godber MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Sir Geoffrey Howe QC MP
Minister for Trade and Consumer Affairs

SECRET
THE FOLLOWING WERE ALSO PRESENT

Mr Paul Channon MP
Minister for Housing and Construction

Mr Patrick Jenkin MP
Chief Secretary, Treasury

The Rt Hon Francis Pym MP
Parliamentary Secretary, Treasury

SECRETARIAT

The Rt Hon Sir Burke Trend
Mr P Benner
Mr I T Lawman
Mr J W D Margetson
Mr D Evans

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1. The Cabinet considered an issue affecting the Royal Family. The Cabinet's discussion and the conclusions reached are recorded separately.

2. THE PRIME MINISTER informed the Cabinet that inquiries which the police had for some time been pursuing for other purposes had recently brought to light allegations about the conduct of certain members of the Government. Since these might have security implications, he had commissioned the necessary inquiries forthwith, on the basis that they must not prejudice the police investigation of activities which might in some instances lead to criminal charges. As a result the Lord Privy Seal and the Parliamentary Under Secretary of State for Defence for the Royal Air Force had thought it right to tender their resignations. Their reasons were different; but both of them had given assurances, in their respective statements, that they had not been subjected to any pressure or blackmail and that their conduct had not involved any breach of security. Somewhat similar allegations had been made by a German magazine about a member of the British Diplomatic Service; but the magazine had subsequently acknowledged that it was referring to the Parliamentary Under Secretary of State for Defence for the Royal Air Force. There was no reason to suppose, therefore, that national security had in fact been endangered by any of the incidents which had culminated in the resignation of the two Ministers or that such of the current allegations as involved the Government had not now been dealt with. It might nevertheless be wise to secure independent verification of this point by referring the whole matter to the Security Commission; and, if the necessary consultation with the Leader of the Opposition and the Chairman of the Commission indicated that this course would be generally acceptable, he could announce a decision to this effect in the Parliamentary statement which he would in any case have to make later that day.

In the course of a brief discussion it was agreed that, if any further inquiry into the incidents in question was needed, it would certainly be preferable that it should be arranged by means of a reference to the Security Commission rather than by recourse to the Tribunals of Inquiry (Evidence) Act, 1921, or to any special form of quasi-judicial investigation.
3. The Cabinet were informed of the business to be taken in the House of Commons during the week following the Whitsun recess.

The Cabinet were informed that the remaining stages of the Maplin Re-development Bill were likely to be satisfactorily completed in the House of Commons, although the Government majorities might be small. In these circumstances it did not appear desirable that a report should at this stage be commissioned on the likely levels of aircraft noise at Maplin, Heathrow and other relevant airports.
OVERSEA AFFAIRS

Iceland

Previous Reference: CM(73) 29th Conclusions, Minute 4

4. THE FOREIGN AND COMMONWEALTH SECRETARY said that Norway had offered to mediate in our fisheries dispute with Iceland. While we might reasonably accept this offer, we should not accept arbitration in the matter.

THE HOME SECRETARY informed the Cabinet that steps were being taken to ensure that presentation of the dispute by the news media adequately reflected the Government's position. These included reinforcing the information side of our Embassy at Reykjavik, briefing leading journalists and arranging for journalists to be included in the Royal Air Force Nimrod aircraft operating in the area.

Mutual and Balanced Force Reductions

THE FOREIGN AND COMMONWEALTH SECRETARY said that during his recent discussions in Bonn the Federal German Chancellor, Herr Brandt, had shown an inclination to agree to exclude indigenous forces from any agreement for Mutual and Balanced Force Reductions, at any rate in the first stage. This was a welcome development, which would assist in ensuring that the member countries of the North Atlantic Treaty Organisation entered these negotiations on the right footing.
EUROPEAN COMMUNITY AFFAIRS

Prime Minister's Meeting with the President of France on 21 and 22 May

5. THE PRIME MINISTER informed the Cabinet that he had held full and valuable discussions in Paris with the President of France, M Pompidou earlier in the week. They had been largely dominated by the question of European relationships with the United States. President Pompidou had accepted the importance of these relationships but had maintained reservations about some aspects of them. He was not prepared at the moment to take part in any discussions with the United States Government on European Defence; and he had also been unaccommodating about the arrangements for the President of the United States's proposed visit to Europe. He had accepted that, so far as defence was concerned, President Nixon might meet the NATO Council; but he had been opposed to any joint meeting between the President and representatives of the members of the European Community, either at Head of Government or at Foreign Minister level. He had suggested, instead, that President Nixon might meet the Presidents of the Council of Ministers and of the Commission but that, otherwise, his contacts with member countries of the Community should be bilateral.

President Pompidou had, however, confirmed the French commitment to progress in the multilateral trade negotiations and had appeared less sensitive than formerly on the question of reform of the international monetary system. He had emphasised the inter-connection of these two negotiations; but he had been inclined to believe that each could be dealt with on its merits and that there was a good prospect of securing a satisfactory conclusion to both within the next eighteen months.

President Pompidou had also reaffirmed French adherence to the programme for the future development of the Community which had been prescribed by the European Summit Conference in October 1972, including the establishment of a Regional Development Fund; and he had agreed with our view that Community Funds used for regional development must be put to good use and be subject to proper control. He had also paid tribute to the recovery of the British economy. But he had been concerned about the attitude of the Nigerian Government to the re-negotiation of the Yaounde Arrangements; and he had suggested that we might use our good offices to persuade the Head of the Nigerian Government, General Gowon, to adopt a more constructive attitude on this issue.
In discussion the Cabinet were informed that the meeting of the Council of Ministers (Energy) on 22 May had made little progress and, in particular, had been unable to agree guidelines for the Commission in producing proposals for a Community energy policy. This was largely the result of French insistence that an organised oil market throughout the Community was a precondition for establishing co-operation between Community and other consumer Governments.

THE PRIME MINISTER, summing up the discussion, said that we must maintain the pressure on our Community partners to adhere to the agreed timetable for the work commissioned by the Summit Conference. The formulation of a Community energy policy was a matter of great importance; and we must continue to seek to ensure that it would be given the necessary priority.

The Cabinet -

Took Note, with approval, of the Prime Minister's summing up of their discussion.
6. THE SECRETARY OF STATE FOR EMPLOYMENT said that the General Council of the Trades Union Congress (TUC) had agreed on the previous day that there might be further discussions with the Government about the future of the economy; had approved the attitude which their representatives should adopt on the questions which they would wish to have discussed; and had agreed that any conclusions would need to be reported to the TUC Annual Congress in September for its endorsement.

THE SECRETARY OF STATE FOR EMPLOYMENT said that the President of the Boilermakers' Union, Mr McGarvey, had now decided to support the attitude of the local union officials at Harland and Wolff in Belfast, who were seeking to insist on the payment of productivity bonuses before they would be prepared to discuss the pay settlement under Stage 2 of the pay policy. A further meeting was to be held that day in order to try to resolve the dispute. There were undoubtedly dangers in the present situation, both for the Government's economic strategy and for security in Northern Ireland; and it was to be hoped that a settlement within the terms of the pay policy would prove possible.

THE SECRETARY OF STATE FOR EMPLOYMENT said that the unemployment returns to be published that day would disclose a further and substantial decrease of about 100,000 in the total number unemployed. The most substantial reductions had occurred in Scotland and the North West of England. A shortage of skilled workers was now becoming apparent in some trades.

The Cabinet -

Took note of the statements by the Secretary of State for Employment.
The Cabinet considered memoranda by the Secretary of State for the Environment (CP(73) 63) and the Secretary of State for Scotland (CP(73) 62), to which were appended draft White Papers on house improvement policy.

**Draft White Papers**

**The Secretary of State for the Environment** said that a vigorous programme of improvement to older housing was an essential element in the Government's housing strategy. A great deal had already been achieved in this respect; and improvement grants were being taken up in record numbers. But it was important to sustain this effort in order to demonstrate the Government's determination to deal urgently with the nation's excessive legacy of sub-standard housing. The Department of the Environment had completed a PAR study of policy on older housing, which had shown that, when the legislative authority for higher improvement grants in Development and Intermediate areas expired in June, 1974, a reduction in the total of grant aided improvement could be accepted on the basis that resources would be concentrated on dealing with the most serious areas of housing stress and deprivation. The draft White Papers therefore proposed the establishment of Housing Action Areas, within which a wide range of special powers and additional financial assistance would be deployed in a concerted attack on the worst housing conditions. It was also proposed to give more encouragement to general improvement areas and to make the structure of improvement grants more flexible; to make the grants more selective; and to check possible abuse by stopping full grants for the more expensive owner-occupied properties and all grants for second homes and by allowing local authorities to attach conditions to grants to landlords. It was proposed that the White Papers should be published in early June.

**The Secretary of State for Scotland** said that it was intended that the general policy proposed for England and Wales should apply also in Scotland. Some of the detailed arrangements described in the draft Scottish White Paper were different from those envisaged for England and Wales; but this was attributable entirely to different local circumstances and should cause no embarrassment.

In discussion the following main points were made:

a. The draft White Paper for England and Wales had been discussed with the Department of the Environment's adviser on business rents, in order that he might consider whether any particular difficulties could be expected in giving effect to its proposals and, in particular, whether they were likely to be open to abuse. He had considered that they were satisfactory from this point of view, subject to a few minor amendments of which account had already been taken.
b. It was desirable that further attention should be given to the difficult question of the best means of co-ordinating the range of policies directed to urban problems, of which housing improvement was only one.

c. It would be helpful to emphasise in the draft annexed to CP(73) 63 that mobility of labour, which was being reduced by the decline of the private rented sector, would be increased by the proposals described in the White Papers, particularly by the increased level of activity envisaged for the Voluntary Housing Movement.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet approved the draft White Papers subject to an expansion of the reference to mobility of labour on the lines suggested. Arrangements should therefore be made for them to be published in early June. The precise timing and the associated publicity arrangements should be agreed with the Home Secretary.

The Cabinet -

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

2. Invited the Secretaries of State for the Environment, for Scotland and for Wales, in consultation with the Home Secretary, to proceed accordingly.

Cabinet Office

24 May 1973
CABINET

CONFIDENTIAL ANNEX

CM(73) 30th Conclusions, Minute 1

Thursday 24 May 1973 at 11.15 am

THE PRIME MINISTER informed the Cabinet that it was proposed that the engagement of HRH Princess Anne to Lieutenant Mark Phillips should be announced on 29 May. Under the provisions of the Royal Marriages Act, 1772, The Queen's consent to the marriage should be signified under the Great Seal and declared in Council; and it was accordingly necessary that the Cabinet should indicate in advance their willingness to arrange a Council for this purpose.

The Cabinet agreed that arrangements should be made accordingly.

Cabinet Office

24 May 1973